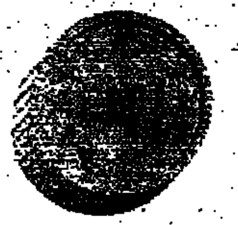
FINANCIAL TIMES



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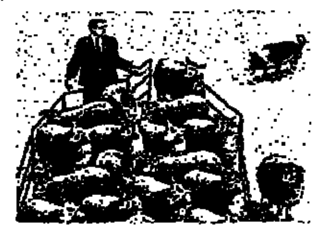

Credit management
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FT WEEKEND
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TOMORROW

World Business Newspaper http://www.FT.com FRIDAY MARCH 7 1997

BSkyB and Kirch end joint venture in satellite TV

British Sky Broadcasting, the satellite television venture, and Kirch Gruppe, the German media group, will announce today that they have terminated their digital satellite joint venture agreement. The deal was BSkyB's second attempt in less than six months to find a way into the complex but potentially lucrative German pay television market. The UK company and Kirch will cite "failure to agree a number of fundamental issues" as the reason for the mutually agreed decision. Page 17

EU resists computer campaign: UK science and technology minister Ian Taylor failed to persuade the European Union to open an awareness campaign over the "millennium bomb", which may cause computer date systems to fail at the turn of the century. Page 16

More closures at Thomson Multimedia: Thomson Multimedia, the troubled French state-owned consumer electronics group, expects to close two more non-European factories under a restructuring that will see it shed between 8,000 and 10,000 jobs, about fifth of its global labour force. Page 17

Sweden's 'bad bank' to close early: The "bad bank" set up five years ago in Sweden to tackle a loan loss crisis in the banking sector is to be wound up 10 years ahead of schedule and at less than half the cost to the taxpayer originally feared, its chief executive said. Page 2

C&W and US West plan Russian merger: Cable and Wireless, the UK telecommunications group, and US West, the US regional operator, plan to merge their Russian operations. Page 17

Airbus presses 'super jumbo': Air passenger traffic will triple over 20 years, an increase which can only be accommodated by building 550-seat aircraft, Airbus Industrie, the European consortium, said. Page 2

Thrifts battle intensifies: The bidding battle among Californian thrifts intensified as Washington Mutual launched a $6.6bn "white knight" bid for Great Western Financial, which was last month the subject of a hostile bid from H.F. Ahmanson. Page 17

Nomura admits payments: Japan's largest stockbroker, Nomura Securities, admitted "apparently irregular" payments to a corporate investment client, throwing its reputation into doubt for the second time in six years. Page 17; Lex, Page 16

Amnesty offer in Albania: Albanian President Sali Berisha agreed to suspend military activity against heavily armed rebels in the south of the country for 48 hours to offer an amnesty to insurgents. Page 2

Inflation fears in US: Orders to US manufacturers rose sharply in January, prompting concern that the rapid pace of economic growth may be starting to produce inflationary pressures. Page 8

Gdansk yard set to close: Gdansk shipyard, birthplace of Poland's Solidarity trade union, looked almost certain to close as the liquidator of the bankrupt yard began to dismiss its remaining 3,700 workers. Page 3

India and Pakistan to resume talks: Pakistan said it would resume peace talks with India at a four-day meeting this month. Talks in 1994 stalled over the disputed Himalayan region of Jammu and Kashmir.

Armed man steals Picasso: A Picasso painting valued at up to £1m ($1.6m) was stolen by an armed man from a central London art gallery. He held up a taxi, ordering the driver to take him and the picture to Wimbledon, south-west London.

Cartoonist of the Year: Roger Beale of the Financial Times won the Cartoonist of the Year award in the Press Gazette British Press Awards, presented in London last night. Page 9

The Weekend FT will reveal a redesign tomorrow. The paper's masthead will be significantly different to reflect the differing emphases of the Saturday edition. We have also increased the space devoted to corporate coverage and to features within the Weekend section. Our Monday to Friday masthead will remain the same and, of course, in all editions we will be resolutely pink.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6,958.63	(+10.78)
NASDAQ Composite	1,319.45	(-9.64)
Europe and Far East		
CAC40	2,598.92	(+32.73)
DAX	3,417.80	(+52.61)
FTSE 100	4,380.3	(+39.2)
Nikkei	18,041.33	(-232.18)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.22%
Long Bond	96½
Yield	6.87%

OTHER RATES

UK: 3-mo Interbank	6⅛%	(6⅛%)
UK: 10 yr Gilt	101¼	(101⅜)
France: 10 yr OAT	107.38	(107.46)
Germany: 10 yr Bund	102.43	(102.48)
Japan: 10 yr JGB	104.5705	(104.235)

NORTH SEA OIL (Argus)

Brent Dated	$19.53	(19.17)

GOLD

New York: Comex		
(Mar)	$353.2	(354.0)
London:		
close	$352.0	(352.3)

DOLLAR

New York: lunchtime		
£	1.6139	
DM	1.71745	
FFr	5.7855	
SFr	1.48565	
Y	121.225	
London:		
£	1.6121	(1.6098)
DM	1.7185	(1.7113)
FFr	5.7958	(5.7731)
SFr	1.4889	(1.4806)
Y	121.585	(121.38)
Tokyo close:	Y 121.55	

STERLING

DM	2.7704	(2.7548)

9 770174 736169

Russian president hits out at Nato and 'incompetent' government

Yeltsin in fighting return to limelight

By Chrystia Freeland and John Thornhill in Moscow

Russian president Boris Yeltsin made a fighting return to public view yesterday after eight months of near seclusion, delivering a stinging attack on Nato's enlargement plans and outlining a robust package of economic reforms.

Looking vigorous and alert, Mr Yeltsin rebutted lingering worries about his health, reading a 25-minute state of the nation address to members of both houses of parliament in clear and authoritative tones.

The Russian president was coy about an expected cabinet reshuffle. He said he would make changes "over the next few days" but did not name any new ministers.

Instead, he used his first prolonged live appearance since his quintuple heart bypass operation last year to take direct aim at the Nato military alliance. Nato's proposed eastward enlargement would cause "direct damage to our security", Mr Yeltsin said. Its purpose was "the desire to oust Russia from Europe, to achieve its strategic isolation".

With one of his trademark growls, he warned that all previous attempts to isolate Russia had failed, and Nato's current effort would "have a high cost for the peoples of Europe".

Mr Yeltsin's resistance to Nato plans to invite some eastern European states to join the alliance this summer suggests that the Helsinki summit meeting this month between him and Mr Bill Clinton, the US president, could be stormy.

The Russian president was equally tough on the domestic front. He lambasted his government for growing "fat" and living "a life of luxury at the state's expense" while wages and pensions were unpaid for months and the average standard of living fell. "Lack of will and indifference, irresponsibility and incompetence in dealing with state problems – that is how people assess the current government," Mr Yeltsin said. "I am forced to admit they are right."

The president outlined a raft of structural economic reforms in line with the recommendations of the International Monetary Fund and the country's most radical advocates of a free market.

His ambitious agenda included overhauling the tax code, regulating natural monopolies, reforming the pension system, restructuring the budget, liberalising the housing market and streamlining the military.

But he failed to make the most widely expected and most incendiary change in his government – a cabinet

Continued on Page 16
Yeltsin returns with all guns blazing, Page 3

Centre stage: Boris Yeltsin during his robust state-of-the-nation speech yesterday Picture: AP

US imposes $600m damages on GKN

UK engineering group to appeal fraud case ruling

By Tim Burt in London

A US court yesterday imposed the largest commercial damages ever recorded against a UK company by awarding almost $600m against GKN, the British engineering group.

The motor components and defence equipment manufacturer – which yesterday reported annual pre-tax profits of £362.8m ($591.4m) compared with £322.4m for 1995 – has been ordered to pay $591m in compensation and punitive damages for defrauding franchisees of Meineke Discount Mufflers, its specialist US exhaust retailer. Yesterday's ruling exceeded the "worst-case scenario" set out by GKN last December, when it warned that the total damages might reach $554m.

The case centred on allegations that GKN and Meineke had illegally diverted payments made by GKN's 2,500 US franchisees, which should have been used for advertising campaigns.

A jury sitting in Charlotte, North Carolina, decided the company was guilty of breach of contract, negligence and fraud. News of the award is likely to embarrass the FTSE 100 group, which only yesterday told analysts it did not anticipate a ruling until mid-March and did not see any reason to make a legal provision against its 1996 figures. Had it done so, yesterday's pre-tax profits would have been virtually wiped out.

GKN refused to comment on the court ruling, but officials made clear an appeal would be filed that could delay the final pay-out by more than a year.

Its legal advisers were last night said to be digesting the implications of the 18-page ruling from Judge Robert Potter.

Although a jury last December awarded $197m in compensation and $150m in punitive damages against GKN, Judge Potter decided that the compensatory element should be trebled under North Carolina's Unfair Trade Practices Act.

That has increased the total liability from $347m to $554m. GKN had earlier expressed "total and complete amazement" at the award, particularly as the original compensation claim was just $31m.

Nevertheless, the company is expected to draw comfort from the court's decision to reject attempts by lawyers acting for the Meineke franchisees to seek a $740m fine.

It is also likely to tell investors that the damages could be reduced by at least 30 per cent because some of the franchisees signed releases in which they waived their right to compensation.

GKN, moreover, could comfortably fund the final damages from cash reserves which last year rose from £464m to £528m.

GKN expansion plan, Page 21

Tung set to boost supply of land in HK

By John Ridding in Hong Kong

Mr Tung Chee-hwa, Hong Kong's future leader, is prepared to increase the supply of land to counter what he sees as a threat to the territory's long-term economic viability.

The former shipping tycoon, who is to be the territory's chief executive after it reverts to Chinese rule in July, said bottlenecks in land and labour supply were fuelling price pressures.

His comments echoed the concerns of business people who argue that Hong Kong's high costs threaten its international competitiveness.

Land supply in Hong Kong is currently controlled by the Sino-British Land Commission. Although its annual sales have generally far exceeded the minimum level of 50 hectares a year, critics say inadequate supply continues to exert pressure on prices.

Several of the territory's big property developers, including Mr Li Ka-shing, have been pushing for increased supply.

Mr Tung said he was worried by the risk of inflation, which is forecast to rise from an average of 6 per cent in 1996 to 7 per cent this year. "The inflation rate in Hong Kong, compared with the developed world, has been 5 to 6 percentage points higher for the past ten years," he said in an interview.

"If it keeps up for the next ten years then I worry greatly about our cost structure, competitiveness and therefore our long-term economic viability."

Mr Tung said business had some legitimate concerns about interference from mainland Chinese provincial governments or state enterprises after July's handover. But he said authorities in Beijing and Hong Kong were determined to uphold the territory's economic autonomy. "We will put a stop to any undue interference", he said. "Any company can come to Hong Kong and participate in our activities. But it must be based on our rules of the game."

Balancing act, Page 14

Germany's jobless total hits postwar high of 4.67m

By Ralph Atkins in Bonn

Germany's jobless total edged higher to a new postwar record last month, suggesting no early easing of the pressure on the federal budget as the country struggles to achieve the Maastricht criteria for economic and monetary union.

High unemployment – up 13,600 to 4.67m, or 12.2 per cent, in February before seasonal adjustment – has increased spending on state benefits and cut tax revenues.

But the latest rise was smaller than expected and far short of the 500,000 jump in January, boosting hopes that joblessness has finally peaked. Meanwhile, a comprehensive industrial survey pointed to a weak economic start to 1997 but a possible pick-up later this year.

After seasonal adjustment, February's unemployment was just 5,000 higher at 4.32m, the federal labour office said. Unemployment fell in western Germany but the east was hit by an exceptionally weak construction sector.

Mr Bernhard Jagoda, president of the federal labour office, said there were signs "the worst is over" in the manufacturing sector job market.

Separately, a survey of 25,000 companies by the German chambers of Commerce (DIHT) painted a gloomy portrait of economic activity at the start of this year. It showed an increase in the percentage of companies expecting to reduce investment and employment over the coming year. The DIHT expects the first three months of 1997 – like the last quarter of 1996 – to show no economic growth.

But Mr Franz Schoser, DIHT chief executive, said "brighter" signs were emerging with strong exports, helped by a weaker D-Mark, expected to provide a motor for increased economic activity. Fulfilling the Maastricht criteria was "do-able" and industry wanted a single European currency introduced "punctually" if possible. The DIHT is forecasting 2 per cent economic growth overall this year compared with a government forecast of 2.5 per cent.

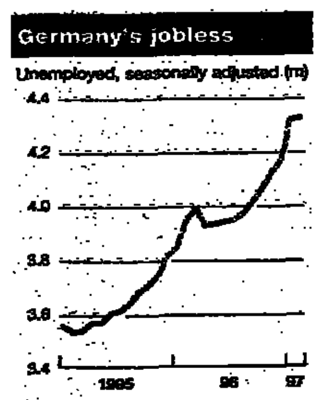
An early sign of a possible pick-up came from federal economic ministry figures yesterday showing a 2.4 per cent jump in the volume of manufacturing orders in January, following falls in the previous two months. Foreign orders rose 7.3 per cent, offsetting a small fall in domestic orders.

However, a resumption in economic growth is expected to take some time to feed through into substantially lower unemployment as German companies continue to restructure.

Mr Richard Reid, chief European economist at UBS bank in London, said unemployment would "probably stabilise in the next two or three months but not decline significantly until the end of the year or perhaps even into next year".

Meanwhile, the Bonn coalition government hopes a deal soon with the opposition Social Democratic party over tax reform will improve the investment climate. The latest cross-party talks aimed at averting a parliamentary blockage this summer take place tomorrow.

Germany's jobless



Source: Datastream

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Brussels in Emu plan for 'failures'

By Paul Betts in Milan

Mr Yves-Thibault de Silguy, the European Commissioner for monetary affairs, yesterday outlined for the first time, plans to allow countries failing to qualify for the first round of economic and monetary union to introduce the new euro notes and coins at the same time as initial Emu members.

As long as these countries showed they would meet the necessary criteria to join Emu quickly, Mr de Silguy said in a speech at Milan's Bocconi University, he saw no reason why they should not be able to introduce the new notes and coins on January 1 2002.

These plans were disclosed in the Financial Times last month, but it is the first time an EU commissioner has made them public. As part of the EU's strategy for dealing with countries not meeting targets for Emu membership, Mr de Silguy also confirmed plans to speed up the Emu application process for these countries.

Under the Maastricht treaty, the position of these countries should be examined at least every two years or when a country makes a formal request. "A special meeting of heads of state could also be called as soon as the necessary conditions are met, " said Mr de Silguy.

The issue is particularly sensitive in Italy because of the intense debate over whether Italy will qualify for early Emu membership on January 1 1999. The Italian government has staked its credibility on joining the first group of Emu countries. It is due to announce a supplementary mini budget for 1997 before the end of this month in an effort to meet the 3 per cent public sector deficit to gross domestic product ratio necessary to qualify.

Mr de Silguy carefully avoided saying which countries he thought would qualify in the first stage. He said the Commission would make its recommendations in March 1998, which was expected to be followed by a decision by EU heads of state by the end of April 1998.

However, he noted "with satisfaction" the Italian government's recent efforts to bring down inflation and interest rates.

He also sought to quash speculation that there was a plot to exclude certain countries in advance and that the euro might be delayed. "All the countries will be treated in the same way," he insisted, adding: "The admission examination will be based on economic and not geographic criteria."

A delay, he said, would be "juridically impossible, politically dangerous, and economic suicide." It would send a negative signal to financial markets that Europe was unable to fill its obligations and put its economic house in order.

Emu conundrum, Page 15
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FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brussel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

R

Commission warns carmaker it may block support for Spanish plant

Van Miert threat to Renault

By Neil Buckley and Caroline Southey in Brussels, and David Owen in Paris

The European Commission indicated yesterday that Renault was likely to face an uphill struggle to win approval for state aid towards development of a factory in Spain, after the French carmaker's decision to close a factory in Belgium with the loss of 3,100 jobs.

Mr Karel Van Miert, competition commissioner, told Belgian media it was "absurd" for Renault to close a profitable factory in Belgium and carry out additional investment at its plant in Valladolid with government aid. Renault has applied for Ecu11m ($13.5m) in aid towards its Ecu76m investment.

The Belgian commissioner has been the most vocal member of the Brussels executive in criticising Renault. On Wednesday the Commission concluded the French carmaker had not respected European Union directives on worker consultation before announcing the closure of its factory at Vilvoorde in northern Brussels.

The Commission said yesterday it would press ahead with plans to strengthen laws on worker information and consultation, to guarantee "minimum social standards" to workers in the face of the single European market. Mr Padraig Flynn, social affairs commissioner, said he would bring forward a proposed directive on national works councils which would compliment existing EU legislation on worker consultation applying to multinationals operating in the EU.

Under the new law all companies with more than 50 employees would be legally bound to consult and inform their workers on company affairs.

Mr Flynn is also looking at ways of breathing new life into the long-delayed European Company Statute, which would allow multinational companies to incorporate themselves as a single EU-wide entity. The statute also contains provisions on worker consultation, although there is disagreement between EU states on how strong these should be. The social affairs commissioner is to review existing worker consultation directives.

Mr Louis Schweitzer, the Renault chairman, yesterday defended the closure decision at a press conference at the company's headquarters near Paris.

He said the cost of producing a vehicle at Vilvoorde was higher than in France or Spain because of salary costs. These were "25 per cent to 30 per cent higher in Belgium than in France", with Spanish costs being even lower. But he said the company would do everything in its power to facilitate the purchase of the Belgian factory by another manufacturer.

Mr Schweitzer also indicated he was aiming for a return to break-even this year, earlier than most analysts are expecting. The group is expected to report 1996 losses in the region of FFr5bn ($870m) on March 20.

Mr Schweitzer's comments came after trade union delegates stormed out of the company's works council following the refusal by management to allow a representative of the group's Belgian workforce to address the meeting.

Berisha suspends army offensive

By Guy Dinmore in Tirana and Kevin Done in London

Albanian President Sali Berisha agreed yesterday to suspend military activity against heavily armed rebels in the south of the country for 48 hours to offer an amnesty to insurgents to surrender weapons.

The move, after more than five hours of talks with opposition leaders, appears to offer limited hopes of reducing the threat of military confrontation in the south, where rebels have seized heavy weapons, including tanks and anti-aircraft guns from army barracks and munitions stores. Military operations are to cease for two days at 6am today.

Rebels have built strong defences around the port of Saranda opposite the Greek island of Corfu just north of the Greek border, to repel any attempt by regular troops to crush the uprising.

The Albanian government has lost control of at least three towns in the south – Delvina near the Greek border and the ports of Saranda and Vlorë. It was reported yesterday that anti-government groups had taken control of the important crossroads town of Tepelene. ATA, the official Albanian news agency, said the death toll had risen to 25 in Vlorë, the Adriatic port where protests erupted last week.

The talks between Mr Berisha's Democratic party and 10 other parties were the first serious negotiations between government and the opposition since violence erupted in southern Albania, sparked by the collapse of fraudulent pyramid finance schemes.

As part of the international diplomatic offensive aimed at defusing the Albanian crisis, Mr Hans van Mierlo, the Dutch foreign minister, arrives in Tirana today in his capacity as president of the Council of Ministers of the European Union. He will hold talks with the Berisha administration. Political analysts in Athens said that local rebellions in the south still appeared to be uncoordinated but involved several groups, including the political opposition, army officers sacked under military cutbacks and criminals.

In Tirana, journalists from the main independent newspaper, Kohe Jone, whose premises were destroyed by a firebomb on Monday, have taken refuge from secret police in a hotel where foreign journalists and a delegation from the Council of Europe are staying.

Mr Ben Blushi, the editor, said western embassies had refused to shelter them and accused the secret police of detaining and torturing journalists documenting what the newspaper alleges are links between members of the government and the failed pyramid schemes.

Albanian opposition needs leap of faith to solve latest crisis

Rebels take advantage of political vacuum

A fresh layer of tarmac has been laid in recent months on the old cratered, Russian-built concrete runway at Tirana's Rinas airport thanks to aid from Germany.

The landing has been smoothed but there will be little else to cheer European political leaders arriving in the Albanian capital today, as they begin to search the bleak political landscape for a way out of the country's mounting crisis.

As his army faced off against armed rebels in the south of the country, Albania's embattled president Sali Berisha finally moved for the first time towards talks yesterday with leaders of all opposition parties, but such is the poisoned atmosphere of mistrust in Tirana that any moves towards the sort of political compromises being urged by the west will be long and tortuous.

The opposition does not want to share the blame for the collapse of the fraudulent pyramid finance schemes which triggered the crisis.

For his part, Mr Berisha continues to battle his opponents as if he is fighting an anti-communist crusade, and any attempt to rebuild bridges with the opposition would involve a painful climbdown.

Mr Berisha's rightwing Democratic party holds 122 of the 140 seats in parliament, following last year's flawed election, and the rigged poll has proved disastrous for the development of a pluralist democracy in a country virtually devoid of any democratic traditions.

It has left the Democratic party ruling in a political vacuum with parliament robbed of its legitimacy and the opposition largely disenfranchised. The Socialists, the biggest opposition party, are still boycotting parliament and refusing to take up their 10 seats, while two other significant opposition parties, the Democratic Alliance and the Social Democrats, have no seats at all.

Widespread intimidation has left the opposition cowed and increasingly fragmented. Some of Mr Berisha's main political rivals in the opposition still languish in jail, not least Mr Fatos Nano, the leader of the Socialist party. In recent days the government has moved him from a jail in Tepelene, one of the towns in southern Albania hit by violent unrest, to a prison in Tirana.

The Socialists have moved some way towards reforming their party and to overcoming the legacy of their Stalinist past under the repressive dictator Enver Hoxha, but they are still suffering from deep internal divisions. Young reformers in the party gained some ground at a bruising party congress last year and succeeded in forcing their elders to agree to write the last references to Marxism out of the party constitution.

Reformers lost out in the congress vote for most of the top party positions, however, and they regard Mr Rexhep Mejdani, the new general secretary, a physics professor who formally only joined the party last year, as a "facade" for the Nano old guard, many of whom had been in the transition government of the country's last communist leader Ramiz Alia.

The fragmented opposition parties did set aside their own differences last month, however, to establish the Forum for Democracy in response to the crisis. They are calling for an interim technocratic government and fresh elections.

Weeks ago as unrest grew over the collapse of the string of fraudulent pyramid schemes, the opposition sought to make political capital from the rising wave of popular anger, but their leaders in Tirana have been careful to distance themselves from the violent uprising in the south of the country. Support for the Socialists is still strongest in southern Albania, however, reflecting privileges handed out under communism to people linked with Enver Hoxha, whose family came from the southern town of Gjirokaster.

An Athens-based political analyst said yesterday that there was no indication that any political organisation had masterminded the protests and raids on military weapons stores and naval bases last weekend. "There doesn't seem to be any evidence of co-ordinated action, but there are clearly several groups of people involved, including the political opposition, army officers sacked under the military cutbacks and local criminals."

Residents of Saranda said yesterday that preparations to defend the town against a possible attack by army units were being organised by informal committees headed by former army officers.

The armed insurgents have yet to formulate any coherent political demands, but the longer the local rebellion continues, the more it could pose a political as well as a military challenge to whatever regime is in place in Tirana.

Kevin Done
Kerin Hope

MAKING A STAND: Albanian rebels load a heavy machine gun atop a seized army tank near Saranda yesterday. Reuter

Sweden's 'bad bank' to be wound up

By Hugh Carnegy in Stockholm

The "bad bank" set up five years ago by the Swedish government to help deal with an acute loan loss crisis in the banking sector will be wound up later this year, 10 years ahead of schedule and at less than half the cost to the taxpayer originally feared, its chief executive said yesterday.

"As things stand now we are in a situation where we can close down by the late summer – and we will pay back about SKr13bn ($1.73bn) of the SKr24bn equity the state put into the company," said Mr Jan Kvarnström, chief executive of Securum, as the bad bank was called.

The outcome means the state now stands to recoup almost all the SKr65bn it paid out in total to rescue a number of banks in 1992. It has already clawed back SKr21.4bn from Nordbanken, main victim of the crisis, through partial reprivatisation, taxes and dividends and its remaining shareholding is worth almost SKr29bn at current share prices.

Securum took on more than SKr60bn in bad assets from Nordbanken – and also later took on residual bad assets from another collapsed bank called Gotabank. Most were properties, but the portfolio included industrial holdings.

It is to announce shortly a series of new asset disposals, including the sale for £43m of The Ark office building in Hammersmith in London, which will bring it close to the end of its mission.

The government originally expected it would take 15 years to unwind the assets and the SKr24bn equity injection was effectively written off. But a combination of active asset management and an upturn in European property markets has enabled the company to dispose of the assets much faster and for higher values than anticipated.

Mr Kvarnström said Securum's experience could serve as an example of how to deal with bad loan problems in other banking systems, such as in Japan and France.

"You have to get your hands on the underlying assets quickly, get control over the cash flow and manage the assets to add value to them. It is very important to prove your professional credentials to the market and not to be seen simply as an asset dump."

He said Securum would have raised about SKr52bn from asset sales by the time it was wound up. The biggest outstanding sale is the placement currently under way of Securum's remaining 10.2 per cent stake in the Dutch-Swedish chemicals group Akzo Nobel, which is expected to raise SKr8bn.

The sale has also been completed this month of The Ark to the German property group Despa and of the Friars Bridge Court office block in London for £27.5m to Difa, a German property fund.

EUROPEAN NEWS DIGEST

Paris mayor under inquiry

Political pressure on the mayor of Paris increased yesterday after it was revealed that he had been placed under formal investigation by magistrates on charges of receiving funds from the local authority of Essone, south of the capital. Mr Jean Tiberi (left) is alleged to have negotiated with Mr Xavier Dugoin, head of the Essone regional council, that his wife Xavière be paid FFr200,000 ($35,000) in 1994 to produce a short report of questionable value. The mayor, who said in an article in yesterday's edition of the rightwing Figaro newspaper that he had been informed of the position on Wednesday, stressed he had no intention of resigning his post, which he has held since 1995. His defiance is in contrast to a practice observed in France since 1992 that government ministers placed under formal investigation should step down.

The latest development follows a series of allegations of mismanagement in the Paris city hall, including revelations that Mr Alain Juppé, the prime minister, and Mr Dominique Tiberi, the mayor's son, paid cheap rents for luxury city-owned apartments. *Andrew Jack, Paris*

Bosnia polls delayed again

The Organisation for Security and Co-operation in Europe postponed Bosnia's municipal elections for a second time yesterday. Voting now is set for September 13-14, a year later than originally scheduled.

The postponement was announced by Mr Niels Helveg Petersen, Denmark's foreign minister who holds the rotating chairmanship of the OSCE, under whose auspices the elections are to be held. The municipal polls were to have taken place alongside elections to the three-man presidency last September. They were put off until July mostly because of international concern that the vote might not be free and fair.

Freedom of movement and freedom of media are seen as essential conditions before the local elections can be held, but little progress has been made on those issues since the signing of the 1995 Dayton agreement that brought the fighting to a halt. *AP, Copenhagen*

'Freeze' at French ministry

The French finance ministry yesterday announced a "freeze" of FFr10bn ($1.7bn) in planned spending in its 1997 budget to try to ensure the country meets the deficit criteria for European monetary union.

The relative modesty of the "freeze" – compared to FFr20bn "frozen" this time last year – reflects government optimism that increased growth this year will produce enough tax revenue to prevent the budget exceeding its deficit target of FFr284bn. But renewed pressure on the country's separate social security account means the government may now have to under-shoot on the budget deficit if the overall public spending gap is to be held to 3 per cent of national output.

Civil servants, meanwhile, held a one-day strike yesterday in protest at pay curbs. The civil service ministry said about 20 per cent of government employees stopped work. *David Buchan, Paris*

Austria on target for Emu

Austria is set to reach the Maastricht budget deficit target of 3 per cent of gross domestic product this year, the Organisation for Economic Co-operation and Development said in a survey yesterday. However, the OECD forecast the budget deficit would climb back up to 3.4 per cent in 1998. Last year it stood at 4.3 per cent. Austria has passed austerity budgets for both 1996 and 1997 in an attempt to bring its excessive budget deficit down to the 3 per cent level.

The survey said Austria was poised for "moderate growth" of 1.4 per cent this year, compared to 1.1 per cent last year. Strong private consumption and rising exports were likely to spur GDP growth to 2.3 per cent next year *Vienna, Reuter*

EU critics anger Turkey

Ankara yesterday hit out at comments by senior European conservative politicians that Turkey has no place in an enlarged European Union. The foreign ministry said this was "openly contradictory to agreements signed between Turkey and the EU and is also contrary to joint work by Turkey, the EU and member countries that has gone on for more than 30 years.... No government has so far stated a similar official view to Turkey."

The ministry said Ankara would demand that Turkey join the list of 11 east and central European countries that are candidates for EU membership. Mrs Tansu Çiller, foreign and deputy prime minister, said: "Turkey's EU membership is important not only for Turkey but for peace in the region."

Turkish media reported yesterday that Mr Necmettin Erbakan, the Islamist prime minister, would submit to parliament a declaration drawn up by army generals requiring his government to crack down on Islamist organisations. The military dominated National Security Council is demanding controls on Islamist-controlled schools, businesses and media. *John Barham, Ankara*

Lithuania to sell airline

Lithuania's government is to sell most of its stake in the national airline, Mr Gediminas Vagnorius, the prime minister, said yesterday, contradicting earlier statements that only a minority would be sold.

"The government will not retain a controlling package of shares in Lithuanian Airlines," he told Reuter in an interview. However, he added that 51 per cent of the company's capital should be Lithuanian, which would exclude the idea of losing control of the airline to a foreign company.

His comments are a departure from previous government statements, which said that the state planned to retain 51 per cent of the shares in the country's national flag carrier. Lithuanian Airlines is included in a list of 14 large enterprises in the transport, communications and energy sectors which the government has committed itself to sell through open bids over the next two years. *Reuter, Vilnius*

Netanyahu seeks cabinet backing on troop pullout

By Judy Dempsey in Jerusalem

Mr Benjamin Netanyahu, the Israeli prime minister, was yesterday mustering all his political skills to seek cabinet approval for the first of three Israeli troop withdrawals from the rural areas of the West Bank.

The long-delayed pullback, due to begin today as agreed in the Hebron agreement signed between Israel and the Palestinians in January, involves three areas.

It is estimated that about 10 per cent of territory will change status. Parts of the area currently under Israeli military control but Palestinian civilian administration, known as Area B, will become part of the land completely under Palestinian jurisdiction – Area A.

But a small percentage of the land under total Israeli control and where almost all the Jewish settlements are located – Area C – will be transferred to the jointly administered area. It is this aspect which has proved the most contentious for several cabinet members as they believe it will set a precedent for further transfers of control, leaving the settlements vulnerable.

To gain a significant majority from among the 17 ministers, Mr Netanyahu has spent the past two weeks putting in place a strategy to win support from the nationalist and ultra-Orthodox coalition parties.

This included the decision to build a new Jewish neighbourhood in Arab east Jerusalem, a move which will cut off the West Bank from the Arab districts in this part of the city.

Despite continuing international criticism, Israeli officials yesterday said they would build Har Homa, even though it goes against the spirit of the 1993 Declaration of Principles which states that the future of Jerusalem should be left for the final status negotiations, due to start this month.

Mr Netanyahu shows no sign of wavering. He wants to convince the far-right of his coalition that if Israeli troop redeployments will lead to some of the area now controlled solely by the Israelis coming under joint administration, it will not mean reverting to Israel's borders before it annexed east Jerusalem and the West Bank. "We have no intention of returning to the pre-1967 borders," an Israeli government official said. "The significance of Har Homa is that [Mr Netanyahu] can show he is standing firm on the border issue."

He added that this was another reason why Mr Netanyahu chose to close down four Palestinian offices in east Jerusalem. He wanted to show that Jerusalem is the sovereign capital of Israel.

Israeli and Palestinian officials agree that the prime minister's line on Har Homa and the Palestinian offices, maintained at the risk of destroying the fragile trust nurtured since the Hebron accord, is part of another agenda.

"Israel is positioning itself for the final status talks," said Mr Saeb Erakat, the Palestinian chief negotiator in the peace talks. "We do not know how to respond to Har Homa or to Israel's policy of expanding settlements. We are being pushed further and further into a corner."

According to a senior Israeli official, "We are not trying to torpedo the peace process. But the truth is that we are jockeying for position in the run-up to the final status talks. We want bargaining chips. That is what the redeployments, Har Homa, and the dispute over the Palestinian offices in east Jerusalem are about."

Middle East states urged to deregulate

By Roula Khalaf

Mr Stanley Fischer, first deputy managing director of the International Monetary Fund, yesterday praised the "remarkable change" in economic policies taking hold in many Middle Eastern and North African countries.

Mr Fischer, speaking at a London conference on opportunities for investment in the region, said governments had realised that only high growth would permit them to achieve better living standards, lower unemployment and create jobs for a growing number of new entrants into the labour force.

But to maintain sustainable growth, Mr Fischer urged governments to accelerate privatisation and said they must further deregulate "excessively regulated" economies, secure higher domestic investment rates by reducing government deficits and commit increased resources to education and health to upgrade the quality of the workforce.

International Monetary Fund studies show that gross domestic product growth in the Middle East and North Africa averaged 3.7 per cent a year between 1991 and last year, yielding the first rise in per capita GDP in more than a decade, but still well below the 6 per cent annual growth average in developing countries.

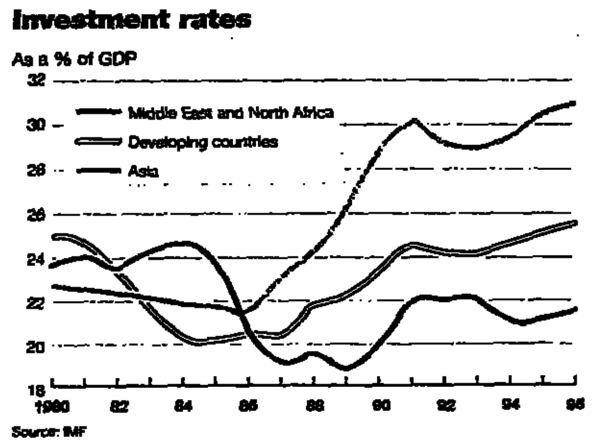
Investment performance, however, has been disappointing, with the ratio of foreign direct investment to GDP ranging between 0.5 per cent and 0.7 per cent, compared to more than 1 per cent of GDP in Asia. But the IMF notes that resumption of growth in 1991-1996 has been associated with a 1.1 per cent of GDP rise in the investment rate.

A central theme emerging from the two-day conference, intended as Britain's contribution to the EU partnership with countries on the southern and eastern rim of the Mediterranean, is the need for the private sector to assume responsibility for investment. The success of the partnership agreements the EU has signed or is negotiating with 12 Mediterranean partners and aiming to create a free trade zone by 2010, rests in large part on Mediterranean countries' ability to raise levels of domestic private sector investment and attract foreign investors.

Mr Manuel Marin, vice-president at the European Commission, said that neither public sector investment nor the EU aid package promised in the partnership must be relied upon to increase investment. The European Investment Bank, which was expected to match the Ecu4.6bn aid package promised by Brussels between 1995 and 1999, would provide only Ecu2.3bn over three years, Mr Marin confirmed.

Public sector investment in the region is already on the decline. However, it has been more than offset in recent years by an increase in private sector investment, according to the IMF. The most significant change, it says, has been recorded in Jordan and Tunisia.

Investment rates



IMF gloomy over Palestinian economy

Unemployment has soared and per capita income has fallen since the start of the peace process

By David Gardner, Middle East Editor, in Damascus

Palestinian unemployment has nearly doubled and per capita income has shrunk by a fifth since the start of the Oslo peace process with Israel in 1993, the International Monetary Fund says in a report* published yesterday.

The report, which offers the most detailed picture to date of the West Bank and Gaza Strip economy, also suggests that the Palestinian Authority has done better than expected in establishing a fiscal administration and budgetary stability in the self-governing territories handed back by Israel.

But Israel's blockade of the territories, sporadic in 1994-95 and constant since a wave of suicide bomb attacks inside Israel a year ago, has inflicted a heavy cost. Overall investment has slumped from 28 per cent of gross domestic product in 1992 to just over 18 per cent now, the Fund estimates, with a collapse in private investment over the same period from 25 per cent of GDP to 10 per cent.

Although Israel has slightly eased restrictions on Palestinians working in Israel, the IMF says the average number last year was still only 25,100, against 116,000 legal workers in 1992. It estimates a loss to the Palestinian economy of \$94m for every 10,000 people prevented from working in Israel.

The blocking of exports, combined with eased restrictions on Israeli imports to the territories, has exacerbated a trade deficit averaging \$1.2bn in both 1995 and 1996, equivalent to 38 per cent of GDP. The Fund notes that even though the border closures should increase the cost of imported goods, the territories had negative inflation in the last quarter of 1996 because of the decline in remittances and export income.

All this is in stark contrast to developments in the far bigger and more sophisticated Israeli economy since 1992. Israel's exports had by 1995 grown by 43 per cent in dollar terms, nearly doubling in Asian markets opened up by the peace process, while foreign investment in Israel went up six-fold over the same period to over \$2bn a year.

International aid donors have been unable to fill the public investment gap in the self-rule areas, initially because of their and the Palestinians' inability to co-ordinate their procedures, but latterly because of the physical impediments to people and material caused by the closures, the Fund says. Of \$2.49bn pledged in 1994-96, only \$1.35bn has been disbursed. Public investment last year amounted to only 4.9 per cent of GDP, only fractionally more than the wage bill of the Palestinian Authority's 33,000 policemen.

"The induced slowdown in economic activity," as the IMF puts it, has cut per capita gross national product, calculated in Israeli shekels at 1986 prices, to Shk1,485 (\$429) last year against Shk1,766 in 1993. Unemployment now stands at 34.2 per cent against 18 per cent in 1993.

The private sector, meanwhile, appears to have confidence in the expanded banking system – trebling deposits to \$1.56bn in the past three years – but not in the economy, with credit increasing barely a quarter as fast.

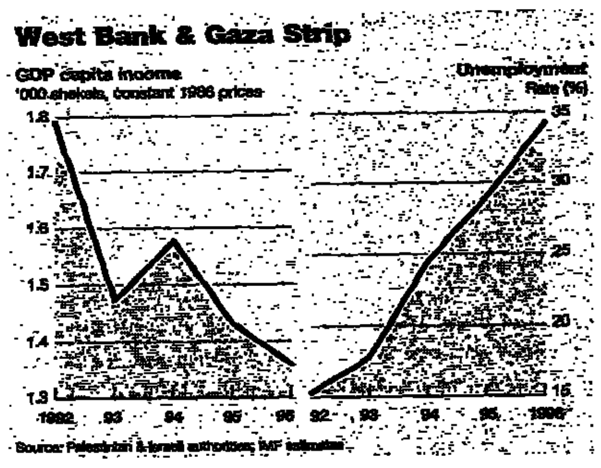
Consequently, the IMF also notes "political dissatisfaction" at the heavy build-up of net foreign assets – claims by Palestinian branches against their parent banks in Jordan.

But the Fund, which is working closely with the Palestinian Authority, without conditionality, to build its institutions and advise on fiscal policy, holds out hope for the future if the West Bank and Gazacan get access to the Israeli market.

Mr Milan Zavadjil, the main author of the report, says: "There is massive potential, especially because [the Palestinian economy] is not burdened by structural distortions and there is an almost complete absence of debt."

* *Recent Economic Developments, Prospects, and Progress in Institution Building in the West Bank and Gaza Strip. Middle Eastern Department, International Monetary Fund, Washington.*

West Bank & Gaza Strip



2004 Olympic race enters final lap

No more than five out of a record 11 bidding cities will make today's shortlist

The International Olympic Committee's two-stage system for choosing the venue of the 2004 summer games moves into its second phase today, when the IOC announces its shortlist of four or five from an original 11 candidate cities.

The two-tier method was chosen to spare the second-division bidders from unnecessary expenditure. But the sharp reaction from Istanbul, following release of the IOC's technical evaluation report last week, suggests even the no-hopers might have preferred to go on to the bitter end. For the rest, there is still plenty to play for before the final decision is made on September 5.

Of the 11 candidates, Rome has the least to fear. Despite some vocal local opposition – the 1990 World Cup was not a happy experience and critics fear too much public money will be poured into hosting an event that has become far too large for the city to cope with – Rome's bid impressed the IOC's evaluation committee more than any other.

Notwithstanding problems with transport infrastructure, strong backing from local and national political parties, the quality sporting facilities already in place and the support Rome will get from Mr Primo Nebiolo, the Italian supremo of world athletics, suggest Rome is a deserved favourite.

Athens does not lie far behind in the betting. Following the humiliation of losing the centennial Olympics to Atlanta, Greece's capital city is determined to make amends.

It has most of the sports facilities needed to stage the Olympics – planned in the 1970s when its staging of the centennial games was taken for granted – and will have a much improved infrastructure by the end of the decade: a new \$2bn subway extension is expected to reduce atmospheric pollution and traffic chaos, telecoms have been upgraded and the new \$3.2bn Athens airport will be ready.

A group of Athenian intellectuals and environmentalists have launched an "anti-Olympics" lobby on the ground that the new facilities would swallow up some of the city's few remaining green areas. Ultimately, the city's chances will hinge on how efficiently it can run this year's World Track and Field Championships, to be staged in Athens a few weeks before the IOC's final vote.

Stockholm carries the torch for northern Europe and was another candidate to earn high marks from the IOC evaluation committee. But Stockholm suffers from one big handicap not shared by any of its rivals. Even on the most favourable recent opinion polls, the bid only has minority popular support. Misgivings are rooted in fears that Stockholm, a city of 1.5m people, is too small to cope with the scale and cost of the modern Olympics.

The argument that it is time the Olympics visited virgin territory – the entire continent of Africa comes immediately to mind – is probably the prime recommendation for Cape Town. To host the event, Cape Town must spend at least R2bn (\$446m) on new stadiums, treble its hotel capacity from about 5,600 rooms to the Olympic requirement of 16,500, and provide infrastructure and security for at least 150,000 visitors daily. About half the funds will come from the private sector, which has taken charge of the bid process.

The support of President Nelson Mandela and the ruling African National Congress is a big plus but the country's high crime rate, and concern over long-term political stability, could kill off Africa's first real shot at hosting the games.

South America is another continent yet to stage the Olympics, which is why some give Buenos Aires a strong outside chance of making the shortlist. The Argentine city bid unsuccessfully for the Games in 1936, 1944, 1956 and 1968 against a backdrop of economic decline. Its latest attempt comes amid tentative signs of economic resurgence, following nearly 15 years of uninterrupted democratic rule.

The Olympic issue is one of the few that enjoys cross-party support, uniting the Peronist president Carlos Menem with his arch-rival Mr Fernando de la Rua, the mayor of Buenos Aires city. Neither underestimates the huge political mileage to be gained from securing the Olympics.

However, the city will first have to see off its Latin American rival Rio de Janeiro. Rio has made no attempt to play down its huge social problems. When the IOC toured the city last November, the hosts made a point of including a trip to one of the city's *favelas*, or slums.

The city wants to attack some of its problems via the investment that the games would bring. But factors ranging from a high murder rate and traffic snarl-ups to heavily polluted waterways suggest Rio will have to stage its recovery on its own.

A big hoarding at a busy Istanbul intersection overlooking the Bosporus bearing the logo of Turkey's Olympic committee only needed a small retouch after the city's bid for the 2000 games flopped. A painter quickly changed the last zero to a four.

Undeterred by gridlocked traffic, water shortages, air pollution and collapsing infrastructure, the government has given the bidding committee plenty of money, as well as powers to commandeer resources and property.

However, political instability – the country had three governments last year alone – may mean Istanbul's craving for positive international attention remains unsatisfied. Unlike four years ago, there is little popular excitement at the prospect of a second try. Maybe Turks, worn down by 80 per cent inflation, have more immediate concerns.

Similar problems plague the bid from St Petersburg. Its tourist infrastructure is badly outdated: handling the estimated 3m Olympic visitors will require new hotels, new phones, new roads, not to mention 38 new and or otherwise refurbished sports venues. Notwithstanding the backing of President Yeltsin, St Petersburg will do well to make the shortlist.

Although the 1992 games in Barcelona were considered the finest of the modern era, it is almost certainly too soon for the Olympics to revisit Spain in 2004, which puts the bid from Seville at a serious disadvantage.

The organisers cite the precedent of Los Angeles and Atlanta, and argue Barcelona's successful example is a plus rather than a minus. "Up to now, nobody's been able to do it better," they claim.

Lille, the former textiles centre bidding to bring the summer games to France for the first time since 1924, has played up its location, easily accessible to inhabitants of some of the richest and most densely populated parts of northern Europe.

Lille has equally tried to position itself as "the natural capital of the first games of the cyber era". It is a cute idea, but one unlikely to win over the IOC.

Last, if not least, San Juan, the longest of long shots, is serious enough about its intentions to have spent already \$12m on its bid. Given the support of the incumbent administration of Governor Pedro Rossello, which favours statehood for Puerto Rico (currently a "free associated state" of the US), San Juan's bid has a strong political and national flavour.

It will almost certainly fail, but the expenditure on the candidacy regarded by officials as an investment in promoting the island, whose economy depends on manufacturing and tourism.

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Athens: Kerin Hope
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Cape Town: Mark Ashurst
Istanbul: John Barham
Lille: David Owen
Rio de Janeiro: Geoff Dyer
Rome: Jennifer Grego
San Juan: Canute James
Seville: David White
Stockholm: Greg McIvor
St Petersburg: Charles Clover
Compiled by: Patrick Harverson

Atlanta: was it worth the bad press?

Six years ago Atlanta took on the world and won, beating cities such as Athens, Manchester and Toronto to host the 1996 games. While Atlantans believe the event, funded entirely by private money, has paid off in infrastructure terms, there is rancour over the reception it received worldwide.

Few in the city will say that getting the games was a mistake. But Mr Bert Roughton, columnist on the Atlanta Journal-Constitution newspaper, quoted in the Atlanta Olympics site on the Internet, probably sums up their feelings: "Give athletes, spectators an 'A-plus'; IOC an F-minus". The foreign press, he continues, "need never darken our streets again", while as for the IOC, which refused Atlanta the traditional accolade of the greatest games yet held: "If these were the old days, we'd be heating up the tar."

John Authers, New York

Morocco eyes eurobond market

By Roula Khalaf

Morocco is planning to tap international markets for finance as part of its debt management strategy, Mr Mohamed Kabbaj, minister of finance, said this week.

The issue under consideration, likely to be in the form of eurobonds, will be aimed at retiring more expensive debt and is part of Morocco's efforts to reduce its \$22bn external debt that accounts for 60 per cent of gross domestic product, down from about 130 per cent in the late 1980s. Mr Kabbaj said Morocco was aiming for a 40 per cent level by the year 2000.

Managing Morocco's external debt gained momentum last year when a small portion of French and Spanish debt was converted into equity, fulfilling the twin goals of debt reduction and an increase in foreign direct investment. Some \$115m of French debt has been converted into equity and a tender has been issued for \$50m worth of Spanish debt.

But the amount of debt that can be converted into equity under bilateral protocols is a tiny percentage of what Morocco owes each country.

The government is trying to negotiate similar debt restructuring deals with the US, Italy and Germany.

This is combined with attempts to take on new, less expensive debt. Last year the French government, for example, agreed to guarantee FF1.5bn (\$260m) of new debt.

With debt servicing accounting for about 30 per cent of export earnings, public investment has suffered. Private investors, meanwhile, have also been reluctant to pour new funds into the economy. Last year's import bill was heavily skewed towards consumer items rather than machinery and equipment.

Moreover, while external debt is being restructured, concerns have risen about the rate of internal debt, which is more expensive to service than external debt. Internal debt has increased to Dh120bn (\$12.8bn) in 1995 from Dh93bn in 1993. To that, however, must be added about Dh12bn of debt run up by public enterprises.

Morocco has been urged to speed up the creation of a secondary market for government debt to allow it to finance itself internally at cheaper rates.

Ministers agree key element in strategy to open up market

EU rules for licensing telecoms set

By Emma Tucker in Brussels

A key element of the European Union's strategy to open up its telecommunications markets to competition by the beginning of next January was agreed by telecoms ministers meeting in Brussels yesterday.

The ministers from the 15 member states agreed an updated framework setting out the rules under which licences for telecoms operators will have to be granted.

The text requires governments to use open and objective procedures, and encourages the use of "general authorisations" so that operators will not have to obtain specific approval before being allowed to offer services, provided certain rules are adhered to.

"The legislation sets up a light framework designed to guarantee the easy access by operators to telecoms markets," said an EU official. "But it also allows governments to guarantee that essential services are offered."

According to the legislation, there will be certain conditions under which a government will be allowed to require a specific licence: for example, when it is allocating radio spectrum – a scarce resource – or when it is licensing a basic voice telephone operator.

The ministers also adopted new rules to cover basic voice telephony. These lay down the services which member states must ensure are provided to all users once telephone monopolies are abolished next year.

This includes services such as basic telephone lines which can handle voice, fax and data communications; services for the disabled; directory inquiries; emergency services; and public telephones. The rules also stipulate that basic voice telephone services must be "affordable" although it is up to the member states to decide on a definition of affordable.

Ministers agreed to require mobile operators to abide by only certain provisions – those covering director services, operator assistance, emergency services, contracts and publication of consumer information.

The legislation also imposes some of the conditions on companies judged to have a "significant market share" – roughly 25 per cent of a country's voice telephone market.

This differs from existing legislation which only extends the conditions to companies granted "special or exclusive rights".

The ministers also gave their backing to a European Commission proposal to increase EU co-ordination in regulating satellite personal communications.

EU ministers also heard a call from the European Commission for a "public-private partnership" between Brussels, national governments and industry to promote satellite communications systems.

The Commission is concerned about US dominance of the sector and called, in proposals adopted this week, for action to boost European space research, Europe's presence in international bodies, and enforcement of EU regulations.

Death blow dealt to Gdansk shipyard

Glory days of the 1980s when Gdansk's workers were a force to be reckoned with Reuter

By Christopher Bobinski in Warsaw

The death of the birthplace of Poland's Solidarity trade union became a virtual certainty yesterday when the liquidator of the bankrupt Gdansk shipyard began to dismiss the remaining 3,700 workers.

The yard, where a strike 17 years ago defied the Communist system and saw the establishment of Solidarity, bowed to the logic of the free market after banks refused to provide loans enabling work to continue on an order for a German shipowner.

Mr Wieslaw Szaj, the liquidator brought in after Gdansk was declared bankrupt last summer with debts amounting to 415m zlotys ($140m), said yesterday: "I have to dismiss everyone", after addressing a dispirited rally of the yard's remaining employees outside the main management building.

It was in 1980 that Mr Lech Walesa, then a young shipyard electrician, was carried through the yard by cheering workers after Mr Mieczyslaw Jagielski, a Communist deputy premier, agreed to the establishment of free trade unions after an 18 day strike. Mr Jagielski died last week while Mr Walesa, voted out of office as Poland's president in the autumn of 1995, is currently on a lecture tour in North America.

Yesterday, Mr Jerzy Borowczak, a union leader at the yard and one of the original handful of young workers who sparked the strike in 1980, told the rally that the workforce had been "deceived".

"Let's not get involved in any more talks about saving the yard because they're a waste of time," he said.

Mr Szaj's decision to start the dismissals came after the state-owned Pekao Bank had refused to provide $100m in loans to enable the yard to build five container vessels for Schoeller, a Cyprus-based shipowner.

The bank decided that Gdansk would fail to meet the delivery dates on the ships and the resulting penalties would bring fresh losses on the contract.

As many as 3,800 employees have left the yard since it was declared bankrupt and many have found work at the Gdynia yard 32km down the coast and at the nearby Gdansk ship repair yard. Gdansk, like Poland's other main cities, has relatively low unemployment.

Gdynia has a full order book until the middle of 1998 and is set to deliver 12 vessels worth $400m this year. It is currently negotiating the formation of a consortium with the Szczecin yard, 300km along the Baltic coast.

Yeltsin returns with all guns blazing

Russia's president bounces back with promise to shake up the government, write John Thornhill and Chrystia Freeland

Two hundred and forty six days after he was re-elected Russian president, Mr Boris Yeltsin began his second term in earnest yesterday.

Signalling his return to the political arena in a forceful 25-minute speech in the Kremlin, his longest public appearance this year, Mr Yeltsin vowed to fufil his electoral promises to turn Russia into a normal, civilised country by the twenty first century.

"I want to hand over to my successor a country with a dynamically growing economy, with an effective and just system of social protection, a country whose citizens are confident of their future," he said.

The parliamentarians who had gathered in the Kremlin to hear the annual speech had not known whether they would be attending a political wake for their ailing president or witnessing yet another remarkable resurrection.

Mr Yeltsin's sprightly demeanour and clear speech certainly dispelled the worst fears about his health and suggested he might well have sufficient strength to serve out his four-year term.

"He read successfully and vigorously and that was what we were looking for. That made a big impression on all of us," said Mr Mikhail Zadornov, an MP from the liberal Yabloko faction.

In his six years as Russia's president Mr Yeltsin has constantly veered between reform and reaction but yesterday he underscored his intent to push ahead with further radical change.

In vintage fashion Mr Yeltsin styled himself as the good Tsar dogged by incompetent ministers, promising a further shake-up of his ineffectual government – while remaining conveniently oblivious to the fact that his own absence seemingly caused so much of its paralysis.

"I am not pleased with the government. The executive branch has turned out to be incapable of working without the president shouting at it," Mr Yeltsin growled.

In spite of his prolonged absence from the Kremlin he struck all the right populist chords with promises to overhaul the tax and pension regimes and reform the housing market and armed forces.

"I feel ashamed that millions of senior citizens are not getting their pensions on time. I will remind you once again that the government is duty bound by June 30 to pay all its debts to the pensioners," Mr Yeltsin said with a typical sprinkling of contrition and bombast.

He suggested the government must bring its public finances under control if it was ever to solve such social problems for good. He chastised his government for drawing up an unrealistic budget for this year and said it must now urgently tackle the problems on both the revenue and expenditure side.

The top priority would be to introduce a new and fair tax code to address Russia's chronic problem of late payments. "We will make everyone pay taxes, the enterprises, the prominent politicians, and big businessmen. Tax reform is the key economic task this year. It will be under constant review."

On the spending side, Mr Yeltsin said the government would introduce stricter disciplines over budget transfers and crack down on corruption. He said it was outrageous that enterprise managers could spend money on their own travel arrangements and investments while withholding payments from their workers.

"Budget funds have become one of the main sources of enrichment for modern Russian swindlers," he said.

In a passage that will have won the applause of the International Monetary Fund, Mr Yeltsin also promised to introduce tighter controls over the "natural monopolies", such as gas and electricity distribution and the railways, and to streamline state administration.

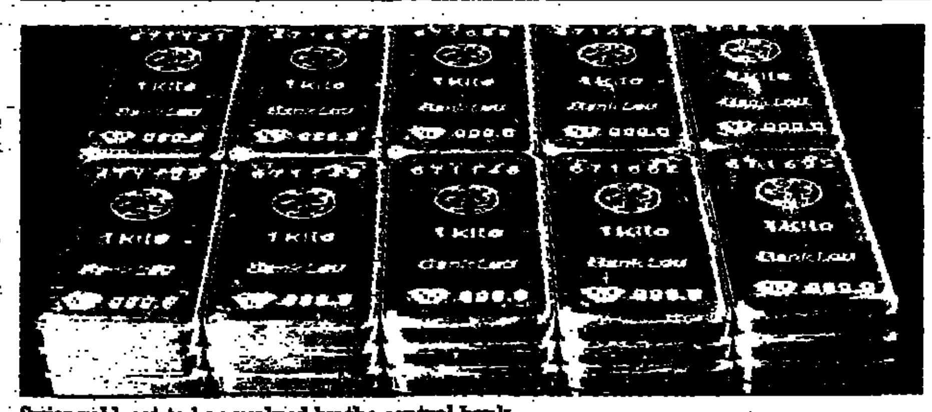
"The state interferes in the economy where it should not, while where it should it does nothing," he said. "The state will fulfil its principal task of economic regulation only if one condition is met: if it helps those who work to meet consumers' needs."

The mild heckling in the Kremlin hall which accompanied parts of the president's speech testified to the doubts many MPs have about his ability to implement his fine words.

Mr Yeltsin has promised crackdowns on corruption and sweeping government changes before – to little avail. His challenge to reinvent Russia's government will be resisted by many of the sectoral interests that have grown rich from the market deficiencies associated with his half-hearted reforms.

Mr Konstantin Titov, governor of the Samara region in south-east Russia, said those listening in the hall could only support what Mr Yeltsin had said.

"But the natural question arises: who has been hindering the government from righting the situation all this time?" asked Mr Titov.



Swiss gold: set to be revalued by the central bank

Sins of past turn Swiss bankers into radicals

If the world's central banks still linked their currencies to the gold standard, the Swiss National Bank would be the "Rolls-Royce" of the gold market. It has the world's third biggest gold reserves and is the only leading central bank that still requires the country's note issue to be backed by gold.

Gold is the traditional symbol of the conservative, sound banker. Hence the news that the SNB, the guardian of sound money, plans to revalue its gold reserves and give part of them to help heal "pressing human needs in Switzerland and abroad" will send shock waves through the corridors of other central banks.

As one Swiss banker put it, it is like McDonald's, the US fast-food chain, getting out of the hamburger business. If the SNB is prepared to take such a step, it is bound to put pressure on Germany's Bundesbank, owner of the world's second biggest gold reserve, to relax opposition to sales of its own gold and that of the International Monetary Fund.

The debate about revaluing Switzerland's gold is not new. The SNB, in response to frequent attacks that it was not making best use of its huge resources, has been discussing for some time ways of capitalising on its 2,590 tonnes, which does not earn interest and is in the books at a quarter of its SFr44bn ($30bn) market value.

There have been all sorts of oddball ideas about what the SNB should do with its gold as the Swiss economy enters its seventh year of stagnation, with the national debt double its 1990 level. A recent one was to finance the SFr34bn trans-alpine tunnels which are needed to cope with the rapid rise in traffic from EU members and save Switzerland's environment.

The size of the private sector Swiss humanitarian fund to help Holocaust survivors has grown to SFr265m ($180m), writes William Hall.

The Vorort, the umbrella body for Swiss industry and commerce, yesterday announced that its members had agreed to give SFr65m to the fund which was established last month with a SFr100m contribution from the "big three" Swiss banks. The contribution, which was larger than expected, comes a day after the Swiss National Bank announced that it would give SFr100m to the special fund, in addition to the SFr7bn of gold which it plans to transfer to the Swiss Foundation for Solidarity once it has won approval for a change in its constitution.

The Vorort said that "numerous companies from leading Swiss business sectors have declared their willingness to join in rapid humanitarian aid for needy Holocaust survivors".

The fact that the SNB has rejected these ideas and is proposing that it should revalue its gold reserves and hand over SFr7bn to a "Swiss Foundation for Solidarity" underlines its central position as the lightning conductor in the row over Switzerland's wartime dealings with Nazi Germany. If Switzerland has an international public relations problem related to its past, it is the fault of the SNB.

For most of the second world war, the SNB had a monopoly on Switzerland's foreign gold trade. It handled the lion's share of the gold purchases from Germany, which enabled the latter to continue fighting the war. Walther Funk, wartime president of Germany's Reichsbank, stated that the country could not have lasted more than two months during the height of the war without the foreign currency imports from Switzerland.

The SNB, to its credit, published in the 1980s a highly critical report about its wartime affairs. However, it is only recently that international attention has focused on its dealings with Germany. Its officials regarded their dealings with Germany as purely technical transactions and failed to see that they seriously compromised the impartiality of Switzerland.

When Switzerland paid SFr250m to the allies under the 1946 Washington agreement, to settle all claims against looted Nazi gold held in Switzerland, the SNB was forced to put up SFr100m, the equivalent of SFr2bn at today's prices. The fact that the SNB has now agreed to put up an extra SFr100m to match the SFr100m donated by the big three Swiss banks for a special fund for victims of the Holocaust is a further reminder of its central role in the Nazi gold affair.

Prof Robert Triffin of Yale University once remarked: "Nobody could ever have conceived of a more absurd waste of human resources than to dig gold in distant corners of the earth for the sole purpose of transporting it and reburying it immediately after in other deep holes, especially excavated to receive it and heavily guarded to protect it."

It is ironic that it has taken the Nazi gold affair to wake the SNB to the wisdom of Prof Triffin's analysis.

William Hall

Increasing traffic means 550-seat jet will be needed, says European consortium

The super-jumbo will fly, says Airbus

By Michael Skapinker, Aerospace Correspondent

Air passenger traffic will triple over the next 20 years, an increase which can only be accommodated by building 550-seat "super jumbo" aircraft, Airbus Industrie said yesterday.

The forecast by the European consortium is part of its war of words with Boeing of the US over whether a market exists for a new generation of large jets.

Boeing earlier this year shelved plans to build a 550-seater, saying there was insufficient demand to justify the $7bn cost of extending its 400-seat Boeing 747. Boeing said this week there would be a demand for only 480 "super jumbo" aircraft over the next 20 years.

Airbus said yesterday, however, that airlines would need 1,442 aircraft bigger than the Boeing 747 over the next 20 years. It said Boeing was playing down the size of the market to justify its decision not to proceed with its own large aircraft.

Mr John Leahy, Airbus's commercial senior vice-president, said: "Boeing is a little like the parents of a teenage child that didn't get invited to a dance. They then say that it's not going to be much of a dance anyway." Mr Leahy said the real reason that Boeing had cancelled its project was that airlines had said they did not want an aircraft based on 747 technology, which dates back to the 1960s.

He said airlines such as Federal Express, the US freight carrier, had expressed great interest in the planned Airbus 550-seater, the A3XX. This would be an entirely new aircraft which Mr Leahy said would cost $8bn to develop.

He said United Airlines of the US had said it would introduce the A3XX on its flights between Los Angeles and Tokyo as soon as the aircraft became available.

Airbus's 20-year market forecast predicts that the world's aircraft fleet will almost double from 9,400 aircraft today to 17,100 by 2016. The increase in aircraft is smaller than the rise in passengers because airlines will operate more efficiently and the average size of the world fleet will grow.

Airbus said that the average number of seats per aircraft would increase from 179 today to 235 by 2016. In the Asia Pacific region, the average number of seats would rise from 239 today to 338 in 20 years.

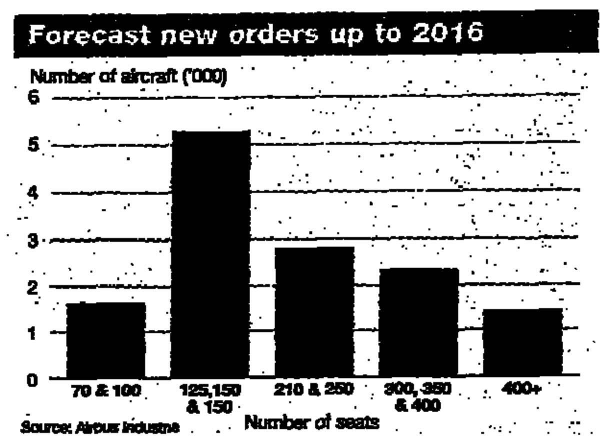
Mr Adam Brown, Airbus's vice-president for strategic planning, said that opposition to new airport building would mean that the increase in traffic could only be accommodated by using larger aircraft.

Airbus said it accepted that 550-seat aircraft would only be used on a relatively small number of routes. But it said that this was the case with the Boeing 747 too. Airbus said that half of the world's 747 fleet was used on flights between only 12 airports.

● The Association of European Airlines yesterday said its members' worldwide scheduled passenger traffic rose 10.5 per cent in January from a year earlier, AFX reports from Brussels. The main market rises were 13.1 per cent on north Atlantic routes, 12.1 per cent to the Far East, Australasia and 7.4 per cent within Europe.

Overall load factor was up 1.7 percentage points to 66.1 per cent compared to January 1996.

January air freight traffic was up 1.4 per cent, reflecting a 6.3 per cent fall on north Atlantic freight and a 7.9 per cent rise for the Far East, the two main markets.



Japan port workers to strike on sanctions

By Michiyo Nakamoto in Tokyo

Japanese port workers are planning a 24-hour strike next week to protest both against US sanctions directed at Japanese port practices and deregulatory measures planned by Tokyo.

More than 54,000 members of the Japanese Council of Dockworkers' Unions and the Japan Confederations of Port and Transport Workers' Unions plan to strike next Wednesday. The action will affect at least 50 of the largest ports and could have a serious impact on international shipping schedules.

The port workers' unions said yesterday that, in addition, Sunday work, which has been carried out on an emergency basis since the 1995 earthquake in western Japan, would not be resumed when a one-year contract between the unions and stevedoring companies expired on Monday.

The strike comes at a difficult time for the US and Japanese governments which are working to resolve a bilateral dispute over Japanese port practices. It is expected to harden the stance of the US Federal Maritime Commission, which plans to impose sanctions on three Japanese shipping companies in retaliation for what it considers unfair port practices in Japan. The European Union has separately taken Japan to the World Trade Organisation over its port practices.

Japan has indicated it might take the US to the International Court of Justice over the sanctions.

However, the port workers' rejection of moves to deregulate the industry will also test the Japanese government's resolve to promote deregulation in order to stimulate the economy. Japanese shipping companies have also pressed for changes to port practices and for deregulatory measures such as those urged by the US and EU.

The dispute over ports came to a head last month when the FMC decided to impose a $100,000 fee on Kawasaki Kisen, Mitsui OSK Lines and Nippon Yusen each time their ships entered a US port. The sanctions are expected to cost the three companies a total of Y5bn ($41m) per year and severely damage their loss-making trans-Pacific business.

Japanese port workers have received the support of the International Transport Workers Federation, which has a membership of 10m workers. Mr David Cockroft, its general-secretary, said yesterday the ITF did not rule out international industrial action to protest at the US sanctions and the EU move. "I believe this is such a dangerous precedent for other countries that this cannot be allowed to happen in Japan," he said.

Handbag exporters hit back at Brussels

By John Ridding in Hong Kong

Hong Kong handbag manufacturers have taken a swing at the European Commission by protesting at anti-dumping duties on Chinese-made handbags. They claim the measures could affect 1,500 companies in the territory and hundreds of thousands of jobs on the mainland.

"We refute in the strongest terms the allegations that we are dumping our products on the European Community markets," said an industry committee in a letter to be sent to Brussels today. Members said the duties, which are up to 39 per cent, threatened businesses and would put pressure on EU prices.

"It is impossible to change our markets and our strategies so quickly," said Mr Terence Chan, managing director of Allied Castle, a Hong Kong-based handbag manufacturer. He said more than 70 per cent of his company's exports went to European markets.

Ms Linda Yuk, office manager of Ngai Keung Handbags which employs more than 1,000 people on the mainland and supplies bags to Galeries Lafayette in France and C&A in the UK, said the duties could force smaller manufacturers into illegal activities. "They might try and use labels from other countries to avoid the duties," she said.

The Hong Kong producers are expected to focus their appeal on Italy, which exports about US$1.6bn of leather to the territory to be transformed into bags and luggage. "They would stand to lose a lot," said Ms Beatriz Marino Tancock, director of Manassas, a Hong Kong-based handbag exporter.

Manufacturers are also questioning the grounds on which the Commission made its decision. "We understand that the Commission received submissions from only three organisations involved in manufacturing in China and two exporters from Hong Kong," said a manufacturers' statement. "Of these organisations, one was rejected due to deficiencies in its response and two exporting organisations subsequently withdrew their co-operation."

Referring to the dumping allegations, the manufacturers said Hong Kong-based companies were commercial enterprises operating in a full market economy. "This is still a labour intensive industry, and the problem is that the European manufacturers have found it hard to compete," said one producer. "So now they are looking for protection."

Nearly half the estimated 148m handbags sold in western Europe last year came from China, according to the European Commission.

WORLD TRADE NEWS DIGEST

China makes WTO offer

China has agreed to scrap restrictions on foreign companies' trading activities within three years of joining the World Trade Organisation. The move was announced by China yesterday at a meeting of the WTO working party charged with setting entry terms for Beijing. Trading partners hailed it as an important breakthrough in the decade-old negotiations. The plan would eliminate the need for foreign companies to trade only with certain state trading corporations.

China wants to keep state trading arrangements for eight products regarded as basic necessities, including grain, fuel and wool, but says these will comply fully with WTO fair-trading rules. It has also asked for longer transitions of 3-5 years for another six products, among them timber and rubber, where 60-100 Chinese companies now have exclusive trading rights.

Mr Long Yongtu, China's chief WTO negotiator, also said China would accept in full the WTO's accord on intellectual property protection from the date of accession, and would not be asking for transitional arrangements as a developing country. The Chinese announcements reinforced a growing mood of optimism that Beijing's WTO bid may now be nearing its final stages. However, trade officials stress that China still needs to do more, especially in offering better market access for imported farm produce, manufactured goods and services. *Frances Williams, Geneva*

Bulgarian piracy costs $100m

The International Federation for the Phonographic Industry (IFPI), which represents record producers worldwide, has asked the European Commission to exert pressure on the Bulgarian government in an effort to curb illegal compact disc production which is costing the international music industry an estimated $100m a year in lost revenue. The IFPI yesterday said that 15m pirate CDs were produced in Bulgaria every year. The IFPI has asked the Commission to urge the Bulgarian government to act against five CD plants which are estimated to supply approximately one in eight of all illegal copies on the world CD black market. "There is now conclusive evidence that Bulgarian-manufactured CDs are destabilising recorded music markets within the EU and eastern Europe in breach of World Trade Organisation rules," the IFPI said. Bulgarian-made copies of best-selling albums have been seized from Finland to Athens and the IFPI estimated that 1m CDs are exported to Russia every month before being dispersed worldwide. *John Hamilton, Sofia*

Canada takes salmon action

Canada is taking Australia to the World Trade Organisation over Canberra's ban on raw Canadian salmon imports – a bone of contention between the two countries for over two decades. Canada maintains that Australian federal government claims that the salmon poses health risks cannot be supported on scientific grounds. Mr John Anderson, Australian minister for primary industries, yesterday said recent research had identified as many as 20 diseases which could be carried by the fish, some of which might be impossible to eradicate. Australia first imposed the ban in 1975, but does allow imports of cooked salmon, worth around A$25m (US$19.4m) last year. *Nikki Tait, Sydney*

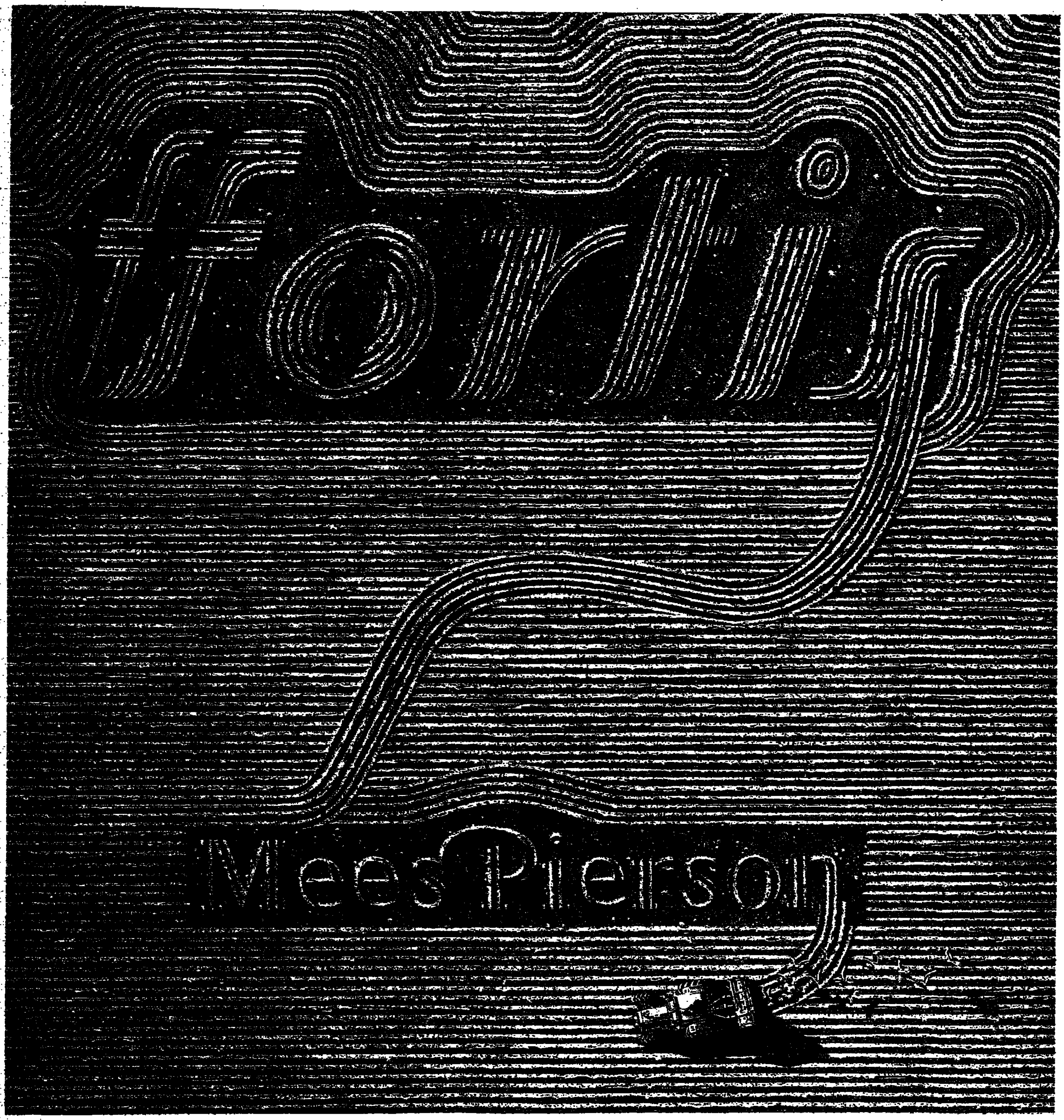
PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. He proposes to grant a licence under the Telecommunications Act 1984 ("the Act") to Diamond Cable Communications (UK) Limited ("the Licensee") to run telecommunication systems in the United Kingdom. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.
2. The principal effect of the licence will be to enable the Licensee to install and run telecommunication systems in the United Kingdom. The Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. The Licence authorises the connection to a wide range of other systems, including earth orbiting apparatus, allowing the provision of some types of international satellite service. On securing a share of 25% or more of the market in respect of particulars services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to make available those telecommunications services to all who reasonably request them within that area.
3. The licence will be subject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensees' systems as a public telecommunication system.
4. The Secretary of State proposes to grant the licence in response to an application from the Licensee for such a licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.
5. He proposes to apply the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:
   (a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;
   (b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;
   (c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;
   (d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and
   (e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.
6. The reason why the Secretary of State proposes to apply the Code to the Licensee is that the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licence.
7. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.
8. Representations or objections may be made in respect of the proposed licence, the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 7 April 1997 and addressed to the undersigned at the Department of Trade and Industry, Communications and Information Industries Directorate, 2.57 Grey, 151 Buckingham Palace Road, London SW1W 9SS. Copies of the proposed licence can be freely obtained by writing to the Department or by calling 0171-215 1756.

Anthony J Eden-Brown
Department of Trade and Industry 7 March 1997



WE 'RE EXPECTING AN ABUNDANT HARVEST

Along with well-known Benelux names like AMEV, ASLK-CGER, VSB and AG 1824, now MeesPierson also officially belongs to the Fortis group. An extremely positive development for both sides, for with the acquisition of this renowned bank Fortis is taking a big step forward in its growth strategy. And in the realization of its aim to secure a leading position in the world of finance, no mean ambition.

The activities of MeesPierson in the field of banking and asset management are complementary to those of Fortis. MeesPierson contributes highly specialist knowledge and mass, especially in the provision of service to wealthy private customers, companies and institutional investors. Thus the critical mass needed to play a significant role in the attractive growth market of asset management has been achieved in one fell swoop. Earning Fortis the 13th place on the Institutional Investor's Euro-150 list.

The addition of MeesPierson considerably reinforces and expands Fortis' sphere of operations. And spreads its sources of income even wider. For MeesPierson the new situation means more than ever having the room to grow as a specialist bank, because Fortis adheres to the principle of freedom in restraint for its operating companies. MeesPierson will have complete freedom, together with the more than one hundred other Fortis operating companies, to continue cultivating the market in its own way. At the same time it will be able to benefit from the knowledge, experience and financial resources within the group.

A strategy that until now has proved extremely successful. As far as that is concerned, the results Fortis has achieved speak volumes. Which is something to be proud of, admittedly, but certainly not grounds for a complacent attitude.

The arrival of MeesPierson has created a new challenge for the 34,000 employees Fortis now numbers: providing for a harvest that is more abundant than ever.

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INSURANCE • BANKING • INVESTMENTS

Republicans to focus on budget

By Patti Waldmeir in Washington

The US Republican party yesterday sought to overcome the crisis of confidence that has afflicted it since the last election, announcing a legislative agenda that it hopes will give it a new momentum.

Party leaders signalled a new aggressiveness on the issue which tops their agenda: balancing the federal budget. Senator Trent Lott, the Senate majority leader, sharply criticised President Bill Clinton's budget plan, and said that if no progress was made in negotiations over the next fortnight, he doubted a balanced budget deal could be reached.

Republican congressional leaders have come under pressure from conservative supporters for being too keen to follow a bipartisan approach on the budget. Sen Lott's comments were the latest in a series of increasingly partisan exchanges on the subject.

He said yesterday: "I've tried to keep the rhetoric lowered as much as possible... but the more I've looked at (the president's budget proposal], the less there is to it." Republicans point to an analysis by the Congressional Budget Office saying the president's plan would produce a $69bn deficit by 2002.

In any case, say congressional sources, the budget process could grind to a halt shortly if a commission is appointed to study the accuracy of the consumer price index. A revision of the basis for calculating the CPI could make it much easier to reach budget balance. The White House is understood to be considering whether to appoint a such a commission.

The Republican party has been drifting since the beginning of the current Congress. The House of Representatives Speaker, Mr Newt Gingrich – whose ethical problems have contributed in no small way – yesterday chided his colleagues for defeatism, recalling that Republicans held control of Congress.

The lack of a Republican agenda has helped create a political vacuum which has been filled by the scandals over campaign finance. But the legislative priorities published yesterday will do little to help. They include largely uncontroversial measures and vague platitudes – a pale version of the Contract with America, the legislative manifesto of the triumphant Republicans in 1994.

They include improved access to health care, fighting gang violence and drugs, and reduced government regulation of business. But regulatory reform – one of the most important areas for legislative action – has so far been held up by congressional squabbling over investigations into political fundraising, and over campaign finance reform.

Mr Gingrich's troubles returned yesterday when a newspaper claimed that he had courted campaign donors on the White House grounds and at two foreign embassies, and promised access to his office.

The Atlanta Journal-Constitution said donors were consulted during the drafting of the Contract with America and were routinely invited to small group discussions.

Rising US orders boost inflation fears

By Gerard Baker in Washington

Orders to US manufacturers rose sharply in January, prompting renewed concern that the rapid pace of economic growth may be starting to produce inflationary pressures.

The Commerce Department said orders for durable and nondurable goods increased by 2.5 per cent to a seasonally adjusted $323.2bn in January, a record. The increase, the largest since a 2.6 per cent gain in September, followed a decline the previous month.

The monthly figures have proved exceptionally volatile over the last year but the underlying trend clearly points to strengthening demand for manufactures.

The largest increase was in orders for electrical machinery, which jumped by 16.6 per cent on a month earlier. But that followed a sharp decline in December.

Orders for primary metal goods and transportation equipment continued on their steady upward path.

Factory shipments rose by 1.1 per cent in January from a month earlier, the sixth increase in the past seven months. And the backlog of unfilled orders, an indicator of bottlenecks in the manufacturing sector, rose by 1 per cent, the eighth increase in nine months.

In another sign that the already strong demand in the economy is gathering pace, the Labour Department said new applications for unemployment insurance fell by 6,000 last week to a seasonally adjusted 310,000. The figure brought the average for the last four weeks also to 310,000, the lowest four-weekly average since last May.

It suggested conditions in the US labour market were now extremely tight, a development that usually produces an acceleration of wage costs. Economists' attention will be focused today on the release of the monthly employment data, which are expected to confirm the trend of strong jobs growth.

Unemployment last month is expected to have fallen from January's 5.4 per cent to 5.3 per cent, a figure which is likely to intensify fears that the Federal Reserve will raise interest rates soon to restrain cost pressures.

OBITUARY: PRESIDENT CHEDDI JAGAN OF GUYANA

Marxist spoke from the heart

Cheddi Jagan: doubted whether US was land of the free AP

President Cheddi Jagan of Guyana, who died yesterday in a US hospital after a heart attack three weeks ago, fought hard in his last years against severing the ties with his ideological roots.

Having started life in politics as an avowed Marxist, Dr Jagan, who was 78, had his second coming to political office in 1992 after 30 years in the wilderness.

A few months after the 1992 election, he described his administration as a "working-class government guided by the ideology of the working class, which is Marxism-Leninism ... and not the philosophy and practice of capitalism." Local and foreign business, and his own government ministers, were shocked.

While the government launched an emergency damage limitation plan, it became clear that the president was speaking from the heart. He spoke grudgingly and infrequently of the need for Guyana to be transformed into a market economy, for a greater role for private business and an end to state domination of the main sectors of the economy.

Dr Jagan's politics were rooted in his experiences in growing up in then British Guiana, and seven years as a student in the US. His parents, born in Uttar Pradesh, India, arrived in Guyana when young, and worked on sugar plantations. He benefited from their decision that their children should do better, and he was sent off to Georgetown, the capital, to secondary school.

By then, however, many of the conclusions which would later influence his politics had taken shape. The sugar plantation, he concluded, was two worlds. "One was the world of managers and their European staff in their splendid mansions; the other was the world of the labourers in the 'nigger-yard' and the 'bound-coolie-yard'."

His stay in the US, where he studied and qualified as a dentist, also left him with a firm view on capitalist society. Having concluded that the US was the land of unlimited opportunities, Dr Jagan eventually reassessed his opinion. "I began to question seriously whether the US was really the land of the free."

Inevitably, Dr Jagan's politics, and his leadership of the People's Progressive party, were caught up in the racial issue. The PPP was widely seen as the party of the Indo-Guyanese, while the People's National Congress, led by the late Forbes Burnham, once Dr Jagan's comrade in arms but later a bitter enemy, was linked to Afro-Guyanese.

In the early 1960s, after he and Mr Burnham parted ways, there was bitter racial and political conflict between Indians and Africans. Dr Jagan maintained that London and Washington fomented much of the unrest simply because they did not want him, a communist, to lead the government. The west favoured Mr Burnham, and went overboard to ensure that Dr Jagan was kept out of office, he believed.

It took the preoccupations of the presidency of the country to dilute Dr Jagan's bitterness over his belief that none of Guyana's Caribbean neighbours or the British and the US governments, "which created the monster", did anything to end the 30 years of rule by Mr Burnham's PNC, despite what Dr Jagan considered to be incontrovertible evidence that the elections were rigged.

Dr Jagan leaves a government confused over who should succeed him as leader of the only English-speaking South American republic.

Mrs Janet Jagan, his American-born wife, Dr Cheddi Jagan jnr, his son, and Mr Sam Hinds, the prime minister who has been acting president for the past three weeks, have all been mentioned as possible successors. Mr Hinds was sworn in yesterday as interim president pending an election later this year.

Dr Jagan's death is not expected significantly to change the course of the country of 800,000 people, whose economy is based on agriculture (sugar and rice) and mining (gold and bauxite).

Canute James

Foreign banks taking over in Venezuela

In three years of crisis, overseas groups have moved in, **Raymond Colitt** and **Stephen Fidler** write

As Venezuela's banking system has come out of a three-year crisis, foreign bankers have moved in. Overseas groups now control 47 per cent of all bank assets, compared with less than 0.5 per cent when the crisis began.

In December, the first, third and fifth largest banks fell under foreign control. The government – which during the crisis took over failed banks with, together, almost half the country's bank deposits – sold Banco de Venezuela to Banco Santander of Spain and Banco Consolidado to the privately owned Infisa of Chile.

Banco Bilbao Vizcaya of Spain also took control of Venezuela's largest bank, Banco Provincial, by buying the 40 per cent of the shares held by Crédit Lyonnais and Venezuela's Polar Group.

More could come under foreign ownership this year, as Banco Latino, the bank that triggered the crisis, Banco República, Banco Popular and Banco Andino are privatised. In other signs of foreign interest, ING and ABN Amro of the Netherlands set up banks in 1995, followed by Ecuador's Grupo Popular last year. They joined Citibank of the US and Banco do Brasil, which have had banks in Venezuela for years.

"I doubt whether any banking system has changed so dramatically," said the president of Venezuela's central bank, Mr Antonio Casas, in London earlier this year.

This change, he said, had been received calmly by the public. "Venezuelans are now convinced that the participation of foreign banks will result in greater competition: and competition is the best guarantee for a healthy banking system."

The foreign influx was made possible by a banking law which took effect at the beginning of 1994 – by chance, as the crisis started to unfold – allowing new foreign entrants, permitting banks to consolidate function-specific subsidiaries into a single universal bank, requiring a strengthening of capital, and providing for a belated enhancement of bank supervision.

If the regulatory powers are enforced, they should help avoid a repeat of the 1994 banking crisis, triggered in large part by off-the-book loans that went bad, to bank subsidiaries or friends and family of owners. Many banks were kept afloat by illegal loans through offshore banks.

While most observers agree that the current banking law is adequate, some say that its enforcement could be better. "The supervisory system has been strengthened, though I wouldn't say it's optimal," said Mr José Grasso, a financial analyst with Softline Consultores in Caracas.

Mr Oscar García Mendoza, president of Banco Venezolano de Crédito, warned: "There are still strong ties between bankers and politicians". He said the autonomy of bank supervision provided for by the 1994 legislation remained compromised by a temporary control board set up by the government to oversee the banking sector's recovery. Mr García said the government had been reluctant to give up its control over the financial sector and to eliminate the control board.

But it is Venezuela's prospects for growth that are drawing in the foreign banks. Bank assets are the equivalent of less than 25 per cent of GDP and are expected to grow faster than the economy. In Argentina and Chile, bank assets account for 38 and 128 per cent of GDP, respectively. Furthermore, the proportion of deposits lent on as credit to customers rather than placed in government bonds is small. Credit represents only 34 per cent of the $13.7bn combined balance sheets of the banks.

Beyond its growth potential, Venezuela's banking sector was attractive because of its low level of market penetration and sophistication, said Mr Michel J. Goguikian, managing director of Santander Investment in Venezuela.

"There is unmet demand for new products, large loans, better service – in short, for a one-stop financial service network." Mr Goguikian said he hoped to win a small but important number of corporate clients, which have so far been seeking loans abroad.

Most analysts believe the entry of the foreign banks will provoke more bank mergers and a consolidation of the market. "Competition is going to be ferocious," said Mr Grasso.

For many domestic banks, making profits under current circumstances may not be easy. A large proportion of the banks' assets are in government and central bank paper, paying sharply negative real rates. "At the current interest rates some banks seem to be lending at a loss," said Mr García. Last year's return on capital was 58 per cent – less than the 103 per cent inflation. On top of that, he said, high reserve requirements and a contribution of 2 per cent of total assets to the state deposit insurance fund, Fogade, further pinched profits.

However, the newcomers see a much brighter perspective. "Venezuela's net interest rate margin [13 per cent] is far more interesting than in Spain, or elsewhere in Europe, where the market is fully saturated," said Mr Goguikian. "If you can't make a profit here, you're not very efficient."

Canadian ambassador Anthony Vincent (left) and Peruvian Bishop Juan Luis Cipriani, accompanied by a policeman, announce plans for new talks with rebels holding hostages in the Japanese embassy in Lima. The rebels say they will boycott the talks Reuter

Bogotá suspends aerial spraying of drug crops

By Timothy Ross in Bogotá

The Colombian government has announced the suspension of drug crop eradication in reaction to last week's US decertification of its anti-narcotics efforts.

Mr Carlos Medellín, the justice minister, said the decision was taken to allow an evaluation of aerial spraying with herbicides to destroy opium poppy and coca plantations, and of the programme of co-operation with the US.

One of the US arguments to explain decertification last Friday was the failure of the Colombian authorities to reduce these harvests, which, according to satellite photography have increased by 32 per cent over the past year.

The director of the National Narcotics Council, Mr Joaquín Polo, said the suspension of spraying operations was a political rather than a technical decision, as eradication was carried out with US equipment, training and herbicides. For the US government then to say the programme was not working, he said, was "disconcerting".

Police flying on one of the last spraying missions on Wednesday morning, to destroy poppy fields in the mountains of Huila department, expressed resentment over decertification. "We are doing our very best with limited resources and great dangers," said the major commanding a spraying aircraft protected by three helicopters with M-60 machine-guns and six-barrelled Gatlings. "Dozens of our pilots and officers have been shot down and killed on these operations."

The halt to eradication produced immediate reaction in Washington over what is seen as further evidence that Colombia is not co-operating with international narcotics reduction efforts. The State Department warned that the US could still take further action against Colombia, a clear reference to the possibility of economic sanctions.

Such threats, however, seem to be hardening the "narco-nationalist" political line. The interior minister, Mr Horacio Serpa, the leading candidate for the next presidency, and criticised by the US for allegedly interfering with police anti-drug efforts, says the possibility of reintroducing the extradition of criminals has now evaporated in response to US interference.

Closer control of the maximum security prisons is also insisted on by the US as a condition for not imposing sanctions. Following indications that jailed traffickers are running their illegal business from prison, an American investigations commission on Tuesday was briefly allowed to visit the Palmira prison, where leading Cali cartel members are held. According to sources close to the Cali crime groups, prison staff and inmates got together to give the commission a good cosmetic impression, while cartel trafficking continues unhindered.

Relations between the US and Colombia have deteriorated further in the wake of the disclosure by the US ambassador, Mr Myles Frechette, that the Rodríguez Orejuela brothers, the leading producers of cocaine and heroin, have offered him evidence connecting President Ernesto Samper to the drugs trade.

● A US House of Representatives committee voted yesterday to disapprove President Bill Clinton's certification that Mexico is co-operating fully with the US in the anti-narcotics war, Reuter reports from Washington.

The international relations committee also voted to waive sanctions against Mexico that would normally be applied if the country was decertified. The resolution, approved by a 27-5 vote, was sent to the full House for action.

Similar legislation has been introduced in the Senate.

Mr Jeffrey Davidow, assistant secretary of state, told the committee the resolution was "counterproductive" and said of Mexico's anti-drug operations: "The trend is clearly positive."

Resignations of top-ranking officials prompt doubts over self-regulatory status

Four quit at Manila stock exchange

By Justin Marozzi in Manila

Four top-ranking officials from the Philippine stock exchange have resigned after the exchange suspended a series of insider trading investigations.

The resignations cast doubt over renewal of the exchange's self-regulatory status, awarded by the Securities and Exchange Commission (SEC), the market watchdog, only in December and which expired at the end of February.

Among those who quit in the last few days were Mr Joseph Antonio, head of the compliance and surveillance department whose responsibilities involved uncovering insider trading, and Ms Josie Joven, head of the listing department, which processes initial public offerings.

The exchange had recently suspended investigations into a handful of companies, a move most analysts believe triggered the resignations. The head of surveillance is known to be an especially sensitive position in a young exchange yet to come to terms with the problem of insider trading. In 1995, Ms Maricel Lopez, the then chief of surveillance, resigned after three kidnap attempts and numerous death threats.

Mr Vitaliano Nañagas, president of the exchange, yesterday denied there was anything "arbitrary" in the decision to drop the investigations. "I estimate we have resolved 40 per cent of the cases we looked at by fining people concerned. A few have been referred to the board, and some we terminated because they were taking too long, because we couldn't find any evidence or because they were too petty". The resignations occurred because of family commitments and career moves to jobs with improved salaries, he said.

The resignations are a serious blow to the exchange and come at an embarrassing time for Manila. Yesterday was the opening of the third Asia securities forum, a meeting of financial officials from Japan, Singapore, Korea, China, Thailand, Indonesia, India, Taiwan and Australia. The SEC, still engaged in a turf battle with the exchange over authority and regulatory powers, is reported to be contemplating withholding permanent self-regulatory status.

More loans, less aid for Colombo

By Peter Montagnon, Asia Editor, in London

Sri Lanka will have to rely more heavily on commercial markets for its foreign borrowing as a higher living standard renders it ineligible for concessionary aid finance, senior government officials said.

A $50m, three-year floating rate note due to be launched soon through Citibank and ING Barings – Sri Lanka's first sovereign issue on commercial markets since 1982 – is designed to set a benchmark rate for such borrowing, Mr G.L.Peiris, deputy finance minister, said. Sri Lanka would seek a formal credit rating later this year, he said.

Hitherto Sri Lanka has relied on official loans for much of its $10.1bn external debt.

But, as its per capita gross domestic product rises towards $1,000, such flows are likely to become scarcer, said Mr Amaranda Jayawardena, central bank governor.

The FRN is likely to be followed by other operations including a $55m to $60m bond issue by the National Development Bank on which the principal will be guaranteed by the Asian Development Bank. But the flow of borrowing will be kept within strict limits. "We are not opening the floodgates," said Mr Peiris.

Demand for the FRN, which has yet to be priced, has proved strong with interest from banks in the Middle East looking for high yielding assets, and from banks in South Korea whose customers have invested in Sri Lankan businesses.

Investors appear willing to overlook both the serious delays in Sri Lanka's privatisation programme and the continuing civil war which has put pressure on the country's budget.

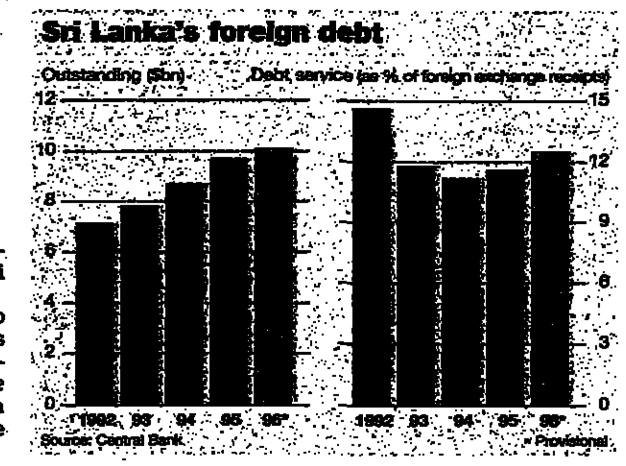
Instead, Mr Peiris said, they were focusing on a financial performance that was good by South Asian standards including a debt service to total foreign exchange receipts ratio of just 12.5 per cent. The ratio would not be allowed to rise above a range of 15 to 18 per cent as more foreign borrowing got under way, said Mr Jayawardena.

Sri Lanka expected to raise around $300m through the sale of a 35 per cent stake in its state telecommunications company within the next three or four months. Up to three-quarters of the proceeds would be used to pay down government debt.

The sale has been long delayed by opposition from trade unions but they "now accept telecom privatisation," Mr Peiris said.

Mr Peiris, who is also justice minister, said constitutional reform proposals allowing for greater regional autonomy would be laid before parliament on schedule in May or June. If the main opposition UNP party declined to accept them, the government would put the issue to the people in a referendum, he said.

"Devolution won't end the war overnight, but it will convince the [minority] Tamil people, that there is an alternative to the war," he said.



Fighting in Sri Lanka kills at least 235

By Amal Jayasinghe in Colombo

Separatist Tamil Tiger rebels staged a wave of big attacks against government forces in eastern Sri Lanka yesterday, defence officials said.

A total of at least 235 Tiger and government fighters were killed.

Analysts said the attacks were a double blow to the government of President Chandrika Kumaratunga, who is facing a mid-term popularity test at local council elections on March 21.

An estimated force of some 800 gunmen from the rebel Liberation Tigers of Tamil Eelam destroyed the Vavunativu military camp in the district of Batticaloa where the army lost 70 soldiers killed. Another 73 were seriously wounded.

"Ground troops estimate that a minimum of 160 Tigers were also killed in a counter attack involving helicopter gun ships," a defence official said.

The fierce fighting ended a two-month lull in rebel attacks in the eastern province and came barely two weeks after troops wrested control over a key highway from the rebels in the north-west.

Shortly before the attack on the army base, a suicide squad of the Tigers raided an air base in the adjoining district of Trincomalee and destroyed a parked military aircraft.

One airman and four rebels were killed there.

Two Russian-built Mi-17 helicopters collided last week while an Antonov-32 transport aircraft crashed during take off last month. In January, the air force lost a Chinese built Y-12 aircraft, an Israeli-built Kfir supersonic jet and a small remote-controlled spy aircraft.

China drive to cut bad loans

By Tony Walker in Beijing

Mr Zhu Rongji, China's senior vice-premier in charge of the economy, has ordered the state's debt-burdened banks to cut bad loans by 2 percentage points annually over the next few years. Up to 20 per cent of loan portfolios are non-performing, by western standards.

Mr Zhu, who as governor of the central bank took control of China's chaotic financial sector in 1993, warned that managers of state-controlled banks would be dismissed if they failed to carry out the instruction.

"The financial sector must make a major push in 1997 to restore financial order and reduce risk," Mr Zhu told delegates to the current session of the National Peoples Congress, the parliament.

China's banks are weighed down by a mountain of bad debt accumulated over several decades. The People's Bank, China's central bank, has been exerting pressure on banks to clean up their balance sheets, but the continuing disastrous performance of the state sector – state-owned enterprises recorded their worst losses on record last year – is making the task difficult.

Mr Zhu is using the banking system to exert pressure on state enterprises to carry out sweeping market-driven reforms and become profitable. Banks have been instructed to lend only to enterprises capable of servicing loans. In the past, they paid little attention to the profitability of state companies, many of which regarded the banks as "cash-cows" which did not have to be repaid. China's state-controlled banks are verging on being technically insolvent. They require re-capitalisation, but a huge overhang of bad debt makes this difficult.

Pakistan power fears make investors nervous

By Farhan Bokhari in Islamabad and Peter Montagnon in London

Suggestions that the Pakistan government may cut the price at which it buys power from private sector generators sent power shares sharply lower on the Karachi stock exchange yesterday.

Shares in Hub power company fell by more than 4 per cent as the market digested the remarks by Mr Chaudhary Nisar Ali Khan, minister for water and power.

The 1,292MW Hub power plant, which counts Britain's National Power as a leading investor, is one of the largest private power plants in the developing world.

Mr Khan was quoted as saying the price of 6.5 US cents per unit was not acceptable. "We cannot pass on this electricity to the consumers at such high prices," he said.

National Power in London said it had received no approach from the Pakistani government about power pricing.

Senior government officials in Islamabad said Mr Khan was referring to a pricing policy announced after the Hub project was agreed.

Any reversals would not affect the terms of that deal, which in any case were negotiated when the new prime minister, Mr Nawaz Sharif, was last in office.

Mr Khan was referring to a policy introduced in 1993 by Ms Benazir Bhutto, the former prime minister, they said.

It helped end frequent black-outs by increasing overall generating capacity by about 30 per cent.

New plants with a total capacity of almost 3,000MW are due to be commissioned by the end of the decade, but their fuel requirements will double the country's annual oil import bill to at least $4bn.

One official said the government had no intention of unilateral action. A change in tariff would only come as part of a mutually agreed settlement with power project sponsors.

Some stock market analysts suggested the minister was targeting the Kot Addu station in which National Power has a 36 per cent stake, but this stake was bought when the station was already up and running with firm price contracts.

Most analysts argued at the time that National Power had paid a fair price.

Mr Raza Mirza, head of research at Khadim Ali Shah Bukhari brokerage, said the stock market's reaction was overdone and Pakistan would never default unilaterally on its commitments. But he said: "Such remarks do not send a good signal with respect to the government's commitment to continuity of policies".

ASIA-PACIFIC NEWS DIGEST

Thai bank chief 'to stay'

Thailand's central bank governor, Mr Rerngchai Marakanonda, yesterday sought to calm financial markets by insisting he would not resign. Rumours of his departure shook the baht and overshadowed an already gloomy stock market. The baht ended the day near Bt25.95 to the dollar, not far from its morning central bank fix of Bt25.93, while the benchmark Stock Exchange of Thailand index slipped 7.07 points to 676.65 – its lowest level since May 1992.

Meanwhile, the central bank believes Bt15bn ($578m) may have been withdrawn from the country's 91 finance houses after Monday's acknowledgement by the finance minister, Mr Amnuay Viravan, that 10 such institutions burdened with bad debt required immediate injections of capital. The government unveiled emergency measures on Monday to prop up the market. The central bank's promises to guarantee all deposits and promissory notes held by financial houses appear to have eased investors' fears. *William Barnes, Bangkok*

■ IBCA, the European credit rating agency, said it was maintaining unchanged its credit ratings on six leading Thai banks – Bangkok, Krung Thai, Thai Farmers, Siam Commercial, Thai Military and Ayudhya.

The fallout from the crisis in finance houses was likely to be limited and the six banks had only small finance company affiliates, it said. Their real estate loans were generally well secured. Of the six, Thai Military has the lowest rating at C/D which indicates some troublesome aspects but an ability to recover without external assistance. *Peter Montagnon, London*

Optimism over Korea talks

North Korea was unlikely to join proposed four-party peace talks until its *de facto* leader, Mr Kim Jong-il, assumed formal power later this year, US and South Korean officials said yesterday. But officials were cautiously optimistic that it would do so, after North Korea attended a "briefing" on the peace talks with the US and South Korea in New York on Wednesday.

The meeting was the first time in nearly three years that North Korea had agreed to hold official contacts with South Korea, its bitter rival. North Korea had previously sought an exclusive peace treaty with the US formally to end the 1950-53 Korean war, while excluding South Korea.

The US and South Korean presidents proposed the four-party talks, which would also include North Korea's closest ally China, last April.

Meanwhile, the US and North Korea are expected today to hold bilateral discussions on the exchange of liaison offices, the lifting of economic sanctions, and ending North Korean missile exports. *John Burton, Seoul*

HK funds face tighter rules

Hong Kong's fund management industry is to tighten rules on personal account dealing in the wake of the trading scandal at Jardine Fleming Investment Management.

The requirements, which include written consent for all personal trades and a ban on participation in initial public offerings, have not been introduced into the formal regulations covering the industry. At present, the Hong Kong Investment Funds Association, the industry body responsible for introducing the new guidelines, can expel any of its 45 members who fail to comply with its recommendations. The HKIFA is in talks with the Securities and Futures Commission, the industry's regulatory body, and Mr Andrew Lo, chairman of HKIFA, said there was a possibility the guidelines would be incorporated in the industry's code.

Jardine Fleming, the Hong Kong investment bank, was fined £400,000 (US$652,000) and made compensation payments to investors of US$19.3m after a probe revealed that a senior fund manager had diverted profitable client trades to his own account. *Louise Lucas, Hong Kong*

Australian rail sell-off starts

Privatisation of Australian National, the troubled rail operator, got under way yesterday when the government formally called for expressions of interest in the business.

AN takes in freight services in South Australia and Tasmania, together with the country's renowned interstate passenger services.

Mr John Sharp, transport minister, said the government would be offering rolling stock and intrastate track as part of the sale, and would consider bids for the business overall or its component parts. *Nikki Tait, Sydney*

Japan's surplus shows increase

By William Dawkins in Tokyo

Japan's politically contentious current account surplus in January showed the first year-on-year rise in 17 months.

The increase to Y150.7bn ($1.24bn), from Y32.6bn a year earlier, was exaggerated by a one-off decline in the deficit on services trade. But it is likely to intensify US concern that Tokyo is taking insufficient action to stimulate the domestic economy and demand for imports. The dollar fell to Y120 before recovering to above Y121 in later trading.

Release of the figures comes shortly after Mr Lawrence Summers, deputy US Treasury secretary, sought assurances from the Japanese government that Tokyo would work for a demand-led domestic recovery and not allow the surplus to rise.

Tokyo is committed to tightening fiscal policy this year to curb its budget deficit, which US officials argue is less urgently needed than the finance ministry appears to believe.

Japanese finance ministry officials insist the rise in the surplus was temporary. The deficit on goods and services declined by 8 per cent to Y284.5bn, within which the surplus on manufactured trade fell by 15.5 per cent to Y229.3bn. Manufactured exports rose by 17.3 per cent, helped by a weak yen, while imports grew by 20.6 per cent. Foreign sales growth was led by motor vehicles, with exports up 50.3 per cent.

On services alone, the deficit unexpectedly fell 11.6 per cent to Y513.7bn, chiefly because of a smaller shortfall in trade in miscellaneous "other services", a notoriously erratic category, said Mr Peter Morgan, chief economist at HSBC James Capel in Tokyo.

Separate data confirmed that foreign investors sold Japanese shares heavily in January, a feature of the stock market's decline early in the month.

Foreigners' net sales of Japanese shares reached Y10.8bn, after net purchases of Y294.1bn in December.

CREDIT MANAGEMENT

There is a danger that during the present recovery the importance placed upon credit management will decline. **Jim Kelly** examines the lessons learned during the recession and argues that globalisation demands new techniques and systems to keep track of debts and debtors

Shepherding the resources

In difficult times businesses shepherd their resources. Because up to 40 per cent of those valuable assets may consist of debt, many companies turn to credit management when times are bad. But when times are good, who cares if the odd sheep goes astray? Is there a place for the credit manager in a recovery?

This is the dilemma facing the credit management industry. Credit management is historically counter-cyclical and the industry finds that all too often its expertise is thoughtlessly shed by managers eager to reap the rewards of breakneck expansion.

But the past two recessions have – arguably – broken the pattern. Credit managers, so the argument goes, have become so valuable over the past two decades that they have been drawn into the heart of many businesses – a position from which they are well placed to continue to make a contribution during an economic upturn.

But there are still fears that the old pattern will reassert itself. "There are two things happening in the industry which are disquieting," says Mr Paul Stevenson, an independent credit management consultant, and a member of the influential Institute of Credit Management.

"A lot of companies have pulled clear of the problems of the recession and are coming into better times – cash is perhaps more abundant than three or four years ago. There is less emphasis on credit management.

"But rather than capitalising on the opportunities they are pushing credit management on to the back burner – in cash collection and credit management people are being made redundant." Mr Stevenson argues that this is poor business logic – even in recovery credit management improves cashflow and can generate income.

"Second, there is a move towards farming out certain parts of the credit function, such as the collection of debts. There are considerable reductions in costs available but personally I think this is a fad. It doesn't sit well with the customer service side of credit management."

But these trends have been tempered with the realisation that the present recovery is still fraught with dangers for business, especially small and entrepreneurial businesses. Mr William Simpson, chief economist at Trade Indemnity, the leading UK credit insurance company, says: "Risk is still very prevalent out there. There is strong competition holding prices back. Larger companies tend to dominate their segment, using their clout to press suppliers."

There is also the usual problem in any recovery of start-ups failing. Mr Simpson believes this recession has its own crop of businesses which are operating at a high risk of failure, such as those in electronic publishing and those using the internet. "There are still reasons to be cautious and to take a proactive approach to credit risk management."

As economic activity builds debts are getting worse. "Obviously we hope that some of this is due to activity – we are not sure how much is due to genuine financial distress," says Mr Simpson. Among Trade Indemnity policy holders the average debt 30 days overdue was £275,000 in the fourth quarter of 1996 - compared to £228,000, £176,000 and £164,000 in the previous three quarters of 1996 and £117,000 in the last quarter of 1995.

With increasing globalisation of businesses, cross-border risks also provide credit managers with a *raison d'etre*. Trade Indemnity's figures for export debt more than 30 days overdue are £145,000 in the last quarter of 1996, £132,000 in third, £107,000 in the second and £119,000 in the first. Mr Simpson believes that weak economic growth in Europe has made the need for accurate risk assessment across borders acute. Several European countries have poor payment records – France is a case in point.

The need to provide global services – and the need to provide capital for investment – is also changing the sector. Last year Trade Indemnity announced an agreed £177.3m takeover by Compagnie Financière SFAC, which leaves the UK credit insurance market controlled almost entirely by foreign-owned groups.

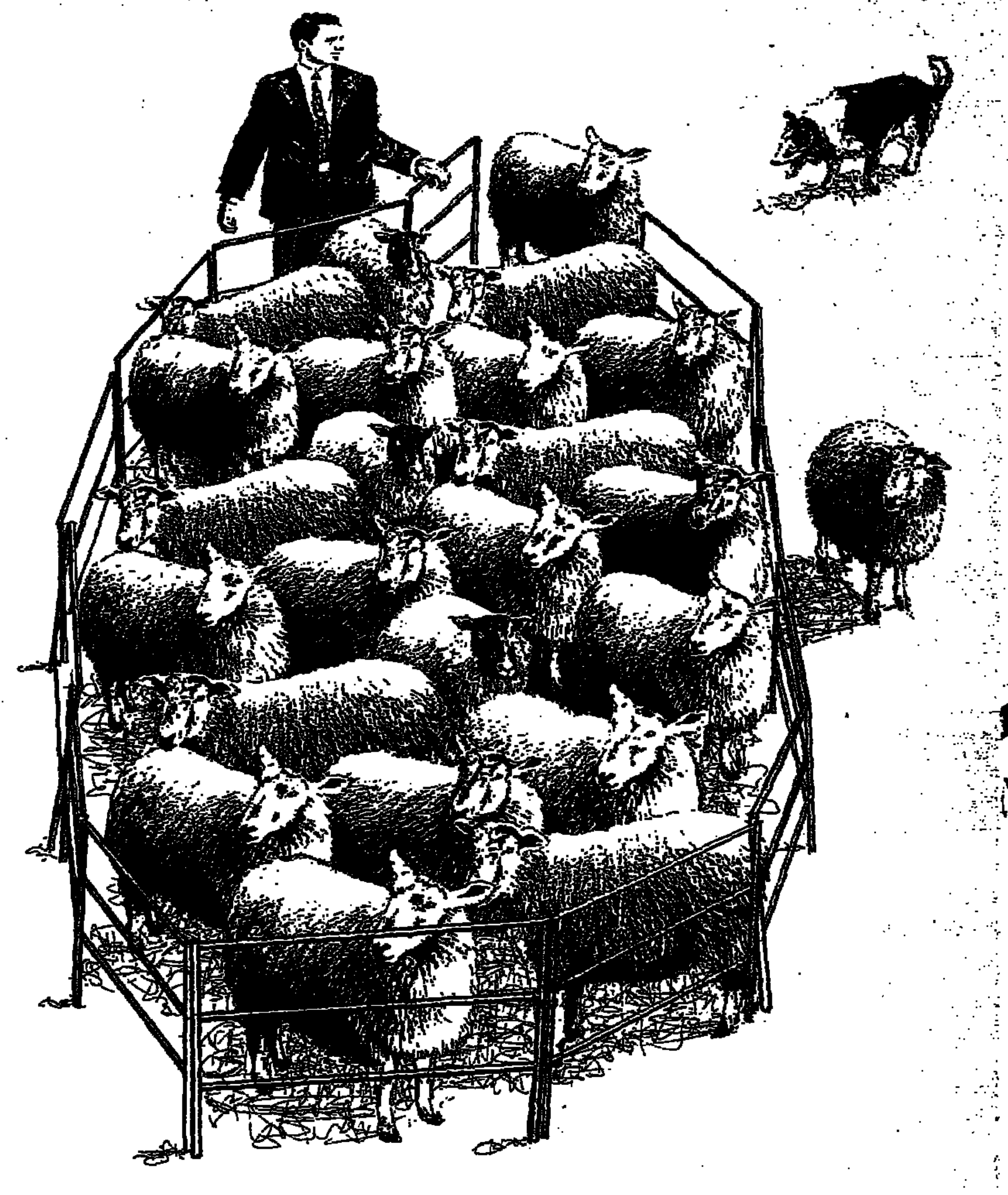
The SFAC takeover creates one of the world's largest credit insurers. The companies said they would allow the joint development of information technology and the combined group would be better set to meet the increasing demands of multinational clients. SFAC could benefit from Trade Indemnity's growing international expertise.

There is also considerable pressure to find new credit management products. Mr Philip Mellor, senior analyst at Dun & Bradstreet, said that the internet is now providing small businesses with a way to order credit information and reports on markets. "We are talking about a totally new market," he said. The company also provides a series of CDs of which contain information on millions of companies. Both services need clients to upgrade their own technology. "It's there ready for the client when they are ready," he adds.

At the other end of the market Mr Mellor identifies two new services. Providing information on non-corporates for clients is a growing business. The UK government's decision to bring forward legislation allowing firms to become limited liability partnerships – if they disclose accounts – also opens up a whole new range of data for suppliers and customers. Up to 45 people are employed by Dun & Bradstreet in a new call centre in Wales compiling information on non-corporates by telephone interview.

Another growth area for several companies is in decision systems, providing almost instant credit decisions for clients. At Dun & Bradstreet the system is designed to give clients decisions based on the client's own risk policies. Dun & Bradstreet goes into a business and studies its policies and the risks it is willing to take on various transactions. Then, when a transaction comes up, Dun & Bradstreet, via a modem computer link, makes an almost instantaneous decision – either yes, no, or refer. The service is expanding throughout the sector.

The government's campaign against deregulation will provide further opportunities for credit managers. The simplification of accounting requirements and a streamlined audit regime for smaller companies are causing concern within the business community that the information in the public domain on potential suppliers and customers will be less useful.



Simon Fell

There are also more lenders. "An increasingly wide range of organisations have come to recognise their role as credit granters and, as such, are implementing sophisticated credit management strategies. These organisations include insurance companies, mobile communications providers and the utilities," according to Equifax, Europe's leading credit information provider.

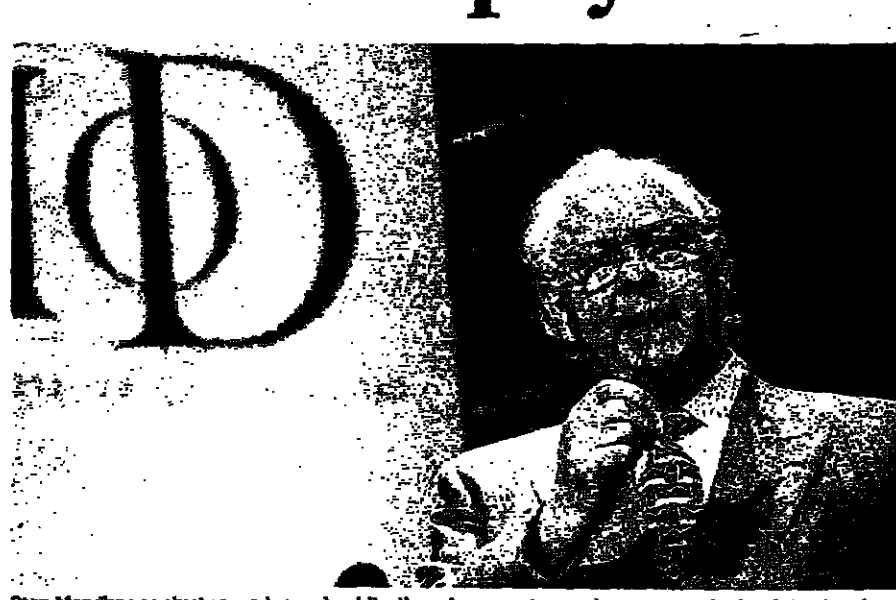
Overall the credit management industry is likely to benefit from the globalisation of business and its increasing abilities to use databases to provide customers with timely information. The recession may dent some of the sector's upward momentum but the uncertainties of modern business life – and the emphasis on keeping down controllable costs – means that credit management as a central business service is here to stay.

The argument for the future may be whether those services should be provided in-house or by a specialist outsourcer.

LATE PAYMENT • by Tim Burt

Battle over late payers

Business organisations are divided over statutory interest charges



Stan Mendham: voluntary codes and publication of payment records are a step in the right direction

Lawrence Chapman is irritated by late payment of commercial debt. A partner at Countryside Art, a small Lincolnshire textiles company, he thinks many customers simply use late payment as a form of free credit.

"We feel we are being used – it starves us of the cash we need to grow," says Mr Chapman, whose company employs 16 people and has annual sales of about £500,000 a year.

Mr Chapman is one of a growing number of entrepreneurs who have called for the imposition of a statutory right to interest on overdue bills, and he recently lent his support to a campaign by Britain's opposition Labour party to introduce the necessary legislation.

The proposal, however, has divided the small business community. Some business leaders back Labour's call for statutory interest, while a large group, including the main employers organisations, have sided with the Conservatives in opposing it.

Although most EU countries already enforce statutory interest on late payment, the UK government has vowed to fight any attempt to introduce it, and claims that it has proved ineffective where it has been applied.

In the run up to the general election, the issue has become the focal point of the political battle for the small business vote. The Conservatives, self-proclaimed champions of small- and medium-sized enterprise, claim Labour is failing to listen to business and accuses it of opting for "clumsy, heavy-handed legislation".

Labour and the Liberal Democrats say the government has fostered a business culture that encourages companies to ignore bills and allows small firms to be held to ransom by larger ones. Both opposition parties favour interest on late debts and have criticised the Tories for not following the example of countries, such as Sweden and Germany, in using it to help improve payment schedules.

Their stand, nevertheless, has been criticised by employers organisations such as the Confederation of British Industry and the Institute of Directors, which have also enlisted the backing of Federation of Small Businesses – representing 96,000 companies – and the Small Business Bureau.

This informal coalition claims that statutory interest is too blunt an instrument to change the UK culture of late payment. They argue that it would simply legitimise late payment, with companies treating it as a form of overdraft.

Mr Jon Ainger, senior policy adviser on small- and medium-sized enterprises at the CBI, says a more subtle approach is needed to persuade UK companies to change ingrained habits. "Most other European countries have a statutory right to interest but it does not seem to have had much effect," he adds. "Italy, Spain and Cyprus have introduced it and remain among the worse payers."

His view is echoed by Mr Stephen Alambritis, spokesman for the Federation of Small Business, who believes that even if interest charges were introduced many companies would not collect it for fear of souring relations with customers, often bigger businesses.

He wants a much broader approach to the problem and applauds the government's recent move requiring companies to publish their payment records in their annual reports. The federation plans to use that information to draw up a blacklist of late payers, partly to "shame" them into more prompt payments but also to give businesses a chance to avoid those with a dubious record.

To be fair, the opposition parties have advocated such measures for some time. And, like the government, they have backed the CBI's prompt payment code and the introduction last year of BS7890, a British standard for late payers. Although only voluntary, under the standard fines of up to £5,000 can be imposed on signatory companies that fail to meet its terms.

But that is too little, too late, for the Forum of Private Business, which represents 25,000 companies. It claims the CBI and IoD are ignoring the wishes of their members in opposing statutory interest. Mr Stan Mendham, its chief executive, says voluntary codes and publication of payment records are a step in the right direction but do not go far enough. "Late payment costs people their existence in the end and we believe most businesses would welcome [the imposition of] statutory interest," he says.

While the political parties and rival business organisations slug it out, the debate over statutory interest threatens to overshadow the real problem: that in the UK, most large businesses believe lengthy payment schedules are simply a fact of business life.

If you accept that argument, then it is up to companies to work around it to secure the best terms to protect their cash flow. That can mean pricing contracts to cover late payments, and offering discounts for early or prompt receipts.

Credit insurance brokers claim companies can minimise the risk of late payment by taking out insurance cover as part of their credit risk management. Alternatively, they can use factoring businesses to collect debts or chase debtors.

That all comes at a cost, of course. And for many small businesses credit insurance and factoring is an expensive way of retrieving money owed. "Factoring is not an option because the rates are simply not competitive for a company of our size," says Steven Morrell of SGM Management & Design.

His architectural project management business, employing six people with a turnover of £250,000, tries to agree fixed payment terms before beginning work on a contract.

"We need to move to a situation where companies pay bills when they fall due," he adds. "But it is very difficult to see that happening – despite the new measures – when the philosophy in this country is that a bill is worth chasing even when it is 30 days overdue."

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Brussels demands report which revealed anti-BSE measures were flouted

Minister is attacked over abattoir safety

By George Parker, Political Correspondent

Mr Douglas Hogg, agriculture minister, yesterday faced a barrage of criticism over his handling of a damaging report on abattoir safety, in spite of his insistence that the government did not suppress it.

The European Commission demanded an immediate copy of the exhaustive 1995 audit of UK slaughterhouses, which revealed that measures to prevent the spread of bovine spongiform encephalopathy – "mad cow disease" – and the deadly e-coli organism were being widely flouted.

Sir Hugh Pennington, the microbiologist appointed by the government to investigate the e-coli outbreak in Scotland, expressed his anger that he was not informed of the report.

Mr Hogg defended his position in the House of Commons, claiming the report by a team of veterinary inspectors, who went to each of Britain's 450 abattoirs, was always intended to be an internal working document.

He claimed that ministers never saw the report, compiled by the Meat Hygiene Service – an agency of the agriculture ministry – even though it was the most exhaustive survey ever compiled on slaughterhouse standards.

Mr Tony Blair, leader of the opposition Labour party, said the episode demonstrated endemic secrecy in the government and an unseemly willingness of ministers to hide behind their officials.

"When will someone in this government take responsibility for the proper and competent administration of our affairs?" he asked in the House of Commons.

Mr Blair will today promise in a speech to a party conference in Scotland that Labour will set up an independent food safety agency if it wins the general election, expected on May 1. It would take on responsibilities from various government departments and produce an annual report to parliament.

Mr Hogg made clear yesterday that his ministry's first priority was to raise abattoir standards without necessarily revealing when severe lapses were detected.

The MHS report, edited by Mr Bill Swann, said in December 1995 that poor hygiene standards in abattoirs were providing a breeding ground for e-coli – which has killed 20 people in Scotland in four months.

Mr Hogg told the Commons the report was "rather unsatisfactory" and that Mr Swann refused requests from his colleagues to rewrite it. Eight months later the 54-page report was condensed by the MHS into an 11-page summary on the red meat industry, with most of Mr Swann's original recommendations and graphic accounts deleted. The report was circulated to the National Farmers Union and the meat industry, but its existence remained unknown to the public until it was disclosed in the Financial Times yesterday.

● Labour has opened up an unprecedented 26 point lead over the Conservative party according to a Gallup poll published in the Daily Telegraph today.

Kieran Doherty

Douglas Hogg, on crutches after an accident, leaving 10 Downing Street after yesterday's Cabinet meeting

Soccer shares dip after valuation fears

By Patrick Harverson in London

Soccer club shares, the toast of the stock market last year, have fallen 28 per cent from their highs in the past two months, indicating that the love affair between investors and the game has begun to wane.

The sharp decline, which has cut the combined market value of the quoted clubs to £1.1bn ($1.8bn) has been prompted largely by a belief that soccer share prices are overvalued and that forecasts of television revenues have been too optimistic. Poor on-field performances by some clubs, and profit-taking by City of London institutions, have also contributed to the sector's fall. Analysts believe the declines could cast a shadow over forthcoming soccer offerings by making investors more cautious. "The recent consolidation has made people approach the sector in a more careful way," said Mr Nick Batram, analyst at stockbroker Greig Middleton.

At least five clubs including Premiership giants Newcastle United are preparing to float in the next two months while shares in Birmingham City, of the first division, begin trading today. The new flotations will take the number of listed clubs to 17, up from just five a year ago.

The biggest share price declines in the past few weeks have been recorded by the smaller clubs.

Southampton and Sheffield United, whose shares jumped to big premiums when they came to the market, have each fallen 50 per cent from their highs. However, even Manchester United – whose shares yesterday rose 10 pence to 657½ pence in London after the team's comprehensive victory in the European Champions League on Wednesday night – has dropped 11 per cent since the end of January.

But analysts believe the share price correction may be good news because it has put clubs on more realistic valuations and allayed fears of a crash in the sector.

Mr Bradley Mitchell, fund manager at CU Asset Management, which owns shares in many of the quoted clubs, said the sector was beginning to mature as some investors switched out of the smaller, less successful clubs into bigger more established ones. "We've been selling down some of our holdings in certain clubs and we've been taking some healthy profits," he said.

Footballers Bruce Grobbelaar, John Fashanu and Hans Segers along with Malaysian businessman Mr Heng Suan Lim face a second trial on charges of attempting to rig Premier League soccer matches, the Crown Prosecution Service announced yesterday, John Mason writes. The CPS confirmed its intention two days after the seven-week first hearing ended with the jury unable to reach a verdict.

The four are accused of conspiring to give or receive money to influence the outcome of matches. Grobbelaar faces a second charge of corruptly accepting £2,000 ($3,260) from a former business partner for attempting to influence the outcome of a match. All deny the charges.

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Customs to step up assault on fraud

By Jim Kelly, Accountancy Correspondent

The Customs & Excise Department said yesterday it would hire 350 extra staff in the government's efforts against tax evasion, avoidance and fraud.

Eighty of the newcomers would join the 250 now investigating smuggling in the European Union while about 100 would concentrate on "diversion fraud" in which goods are sent to a home market, rather than for export, and tax is lost. A further 80 staff would concentrate on the trade in illicit tobacco.

Mr Phillip Oppenheim, a junior Treasury minister, said: "This will allow Customs to build on the excellent work it is doing to crack down on the new breed of criminal gangs who are evading the tax they should pay."

The 350 extra jobs follow a government pledge last year to spend £800m over three years on recovering £6.7bn in unpaid tax. The pledge was given in the Budget proposals from Mr Kenneth Clarke, chancellor of the exchequer.

The Customs department, responsible for value added tax, is to spend £88m on recovering £2.25bn.

The department, which already has a payroll of 23,000, would now be better placed to tackle gang smuggling, Mr Oppenheim said.

New staff would include five specialist accountants to help stem avoidance. A further 30 staff would get extra training.

Many of the new staff would help tackle the "shadow economy".

"The extra resources will also be used to combat businesses who should be VAT registered, but are not, and who therefore have an unfair advantage over those who pay the tax," said Mr Oppenheim. "This will ensure that the ordinary, honest taxpayer is protected."

UK NEWS DIGEST

Strike deadline is set at Peugeot

Workers at the Peugeot car factory near Coventry in the English Midlands will ban overtime next Friday and go on strike a week later – unless a dispute about pay and working hours is settled. The decision, to be ratified by shop stewards today, gives both sides time to continue talks over the two-year package. Meanwhile, a ballot of workers at the Iveco Ford truck plant at Langley, to the west of London, has supported a trade union campaign to oppose closure of the factory, which will involve the loss of 450 jobs.

● Rapid growth in the UK market for new cars in January slackened considerably last month, with lack of interest from private buyers again causing concern in the industry. Figures from the Society of Motor Manufacturers and Traders show that new car registrations in February were 2.4 per cent higher, at 162,887, than in the same month a year before. The statistics show a further significant rise in the share of the market taken by imports. These accounted for 65.4 per cent in February compared with 62.4 in the same month last year. *Andrew Bolger*

■ THE ECONOMY

Survey says retail sales weaken

Growth in retail sales took an unexpected downturn in the first two months of the year, the Confederation of British Industry, the biggest UK employers' lobby reported yesterday. Its monthly retail survey found that the sector had a weak start to the year because consumers are becoming increasingly price-conscious.

The decline followed a strong period of sales growth in the middle of last year. The data provide further statistical evidence that the economic recovery is not fully filtering through into shopping streets. It is also consistent with other recent data suggesting that economic performance is more uneven than had been assumed.

Mr Alastair Eperon, chairman of the CBI's distributive trades survey panel, said "there has been a change in consumer psychology since the last recession. Consumers have become more careful. They shop around more aggressively before making purchase decisions". According to the CBI's survey, the net balance of retailers reporting higher sales volumes dropped sharply from a range of 40 per cent to 55 per cent between June and October last year to 24 per cent in February. *Wolfgang Münchau*

■ NORTHERN IRELAND

Several questioned after bomb

Several people were questioned last night after a failed bomb attack on police and British soldiers in Belfast, the Northern Ireland capital. The bomb, which police believe was detonated by command wire from up to 25m away, exploded behind a garden wall near a joint army and police foot patrol. Elsewhere in the city, weapons and explosives were seized when security forces raided homes. Two "coffee-jar" grenades, bomb-making material, weapons and radio equipment were found.

■ STATE AID

Valeo invests $22.8m in factory

Valeo, the French automotive components company, is investing £14m ($22.8m) in its factory near Swansea in south Wales. The factory, which now employs 470 people, assembles climate control units and the expansion will introduce a new product range. The project is being supported by a UK government grant. *Roland Adburgham*

■ INDUSTRIAL MACHINES

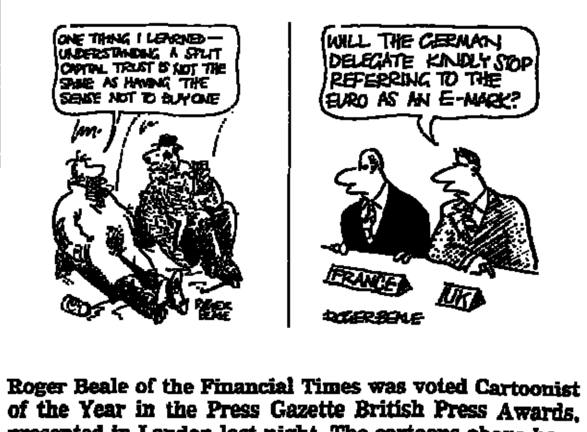
Construction equipment in W Europe

	Total in W Europe	Total in UK	% in UK
Road construction scrapers	669	250	37
Rough-terrain lift trucks*	50,100	16,800	33
Articulated dump trucks	13,345	4,000	30
Back-hoe loaders	140,850	37,000	26
Crawler excavators	106,300	16,500	15
Mini excavators	115,500	15,500	13
Skid steer loaders	49,550	6,500	13
Agricultural tractors	6.77m	0.5m	7
Wheeled excavators	76,950	2,000	2

* telescopic Source: Off-Highway Research

Building sector well dug in

The UK accounts for only 7 per cent of western Europe's agricultural tractors but 37 per cent of the road "scrapers" used in road building, according to a survey of the European construction equipment industry by Off-Highway Research, a London consultancy. Britain has just 15 per cent of the population of western Europe. But for many types of construction equipment, the UK's share is appreciably higher than this, reflecting the high level of mechanisation used in the sector. For instance in back hoe loaders – machines with digging equipment at either end – the UK's share is 26 per cent, partly because of the dominance in the local market of J.C. Bamford Excavators, which makes these machines. In skid steer loaders – small highly manoeuvrable trucks – and mini-excavators, the UK's share is 13 per cent. *Peter Marsh*



Roger Beale of the Financial Times was voted Cartoonist of the Year in the Press Gazette British Press Awards, presented in London last night. The cartoons above have been published in the past year.

Nissan backs campaign to remain in EU

By David Wighton, Political Correspondent

Some of Britain's biggest companies yesterday backed a new campaign by MPs and businesses to warn of the dangers of withdrawing from the European Union. Companies including BP, BAT, Guinness and the Vauxhall offshoot of General Motors have contributed a total of £50,000 to an advertising campaign by the cross-party European Movement. The aims of the campaign were supported by Nissan.

Nissan warned that British exports to the rest of Europe could suffer if the UK looked as if it wanted to withdraw. Mr Ian Gibson, chief executive of Nissan's UK subsidiary, said increasing scepticism in Britain on the European question was not understood by its customers in Europe.

"I fear they will see the arguments as Britain not wanting to be part of Europe and will feel more comfortable purchasing German or Italian products," he said. It was essential for the UK to accept it was "unquestionably part of the EU" in order to retain the "vital" benefits of the single market.

Mr Giles Radice, the Labour MP who is chairman of the European movement, said the campaign had been prompted by the increasingly Eurosceptic trend of the debate in recent months. "For the first time over the last 18 months there have been serious figures arguing for withdrawal."

The campaign, which has received £150,000 of EU money, will focus on "97 reason to be in Europe". One is that 58 per cent of the UK's visible trade is with the EU. Exports of goods to Germany are higher than to the US and those to the Netherlands are greater than to China, South Korea, Hong Kong and Indonesia combined.

● Engineering employers yesterday criticised the UK government's plan to enforce the European Union working time directive by imposing fines against companies that breach its provisions, Our Employment Editor writes.

They have told ministers that the proposal goes much further in compelling employers to comply with the legislation than the European Commission requires. Ministers originally resisted the directive, which imposes a legal working hour limit of 48-hours a week and four weeks' paid annual leave.

It was only after a recent European Court of Justice judgment that the government agreed to introduce the directive to UK law.

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Banks may issue euro cheque books

By George Graham, Banking Correspondent

UK banks may issue separate euro-denominated cheque books to make sure that the clearing system will be able to handle cheques written in the new European currency as early as the beginning of 1999.

The proposed start date for the single currency is January 1999. The Cheque and Credit Clearing Company, which handles 3bn cheque payments a year, has concluded that businesses will want to be able to make payments in euros whether the UK adopts the currency or not.

Any UK cheque is presumed to be written in sterling, so there are plans to redesign cheques for euro payments. These would include changes to the magnetic ink code at the bottom of each cheque which is read by automatic processors.

"In the UK, business to business payments are still predominantly made by cheque," said Mr Stuart MacKinnon, head of European affairs at the Association for Payment Clearing Services (Apacs), the organisation which oversees UK payment systems. "Our view is that there will be a demand for a euro-denominated cheque for trade payments irrespective of whether the UK is in or out."

Mr MacKinnon will outline Apacs plans in a speech to a conference on European monetary union in London today. In France, the banks have also concluded that a separate euro cheque is needed to make absolutely clear, during the transition period when both the euro and franc will be in use, which currency is intended. German banks expect to use a single cheque for payments in either D-marks or euros.

Preparations for a euro payments service in Chaps, the electronic system which provides instant big value transfers between banks, are already well under way. At the wholesale end of the market, Mr MacKinnon says, there is no dispute over the need to handle euros, whether or not the UK joins Emu, because London's financial markets will deal heavily in euros and the UK will also need an access point to the EU-wide Target payments system.

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MANAGEMENT

Frankfurt bourse: companies are queuing up to join the new market
Tony Andrews

A new German market is aimed at smaller, rapid growth companies, says **Andrew Fisher**

Börse bonus

Capital is abundant in Germany, so why do young, innovative companies find it hard to raise new equity finance? This has long been a heartfelt cry among more progressive members of the country's financial community. Now, with unemployment at record levels, it is voiced more loudly than ever.

As experience in the US has shown, small, dynamic companies provide the most new jobs. In the US and UK, the stock market is an obvious source of new finance. But in Germany, the number of share issues is a mere trickle by comparison.

Hence the hopes placed in a new venture launched next week by Deutsche Börse, which runs the Frankfurt stock and derivatives exchanges. Called the Neuer Markt (new market), it is aimed at companies in rapid growth sectors – especially with a high-tech bias – which might otherwise have ignored the bourse altogether or opted for a listing on Nasdaq, the computerised US exchange.

Since there is already a market in Europe along Nasdaq lines, namely Easdaq which began in Brussels last November, the Neuer Markt is overdue in the view of some observers.

Alexander Magona, German analyst at Robert Fleming, the UK investment bank, admires the way the new German market has been set up. But, he notes: "If the stock exchange had done this two years ago, it would have been revolutionary."

Gerhard Schmid, head of MobilCom, a mobile telephone network specialist which will be the first company to raise money on the Neuer Markt, says the same. "The Neuer Markt is coming now because more companies have been going to Nasdaq." Thus adds Magona, "they [the stock exchange] needed the threat of Easdaq and Nasdaq to get them into motion."

Now, however, the Neuer Markt – which will link with similar operations in Paris, Brussels and Amsterdam to form the Euro.NM as a rival to Easdaq – is on the starting line. "The timing couldn't be better," says Reto Francioni, a Deutsche Börse director. Yet while he hopes it will become a vital part of the German equity scene, he is not expecting overnight success. It will take a year or so to assess the real impact.

Compared with the main stock market, listing and reporting requirements will be stiff. Companies will have to produce quarterly reports under international accountancy standards and publish information in German and English. They must be active in investor relations. To obtain a listing, they will have to issue voting shares only, have a minimum issue volume of DM10m (£3.6m) and ensure the original shareholders do not sell stock within six months.

Undaunted, companies are queuing up to join, Deutsche Börse says. Certainly, the potential is there. Stephan Schuster of Deutsche Morgan Grenfell, says the bank has identified 200 corporate customers as potential candidates for listing. Altogether, some 1,500 German companies could come into this category.

MobilCom will be the first company to raise money on the Neuer Markt. Bertrand, an engineering design and services company for the motor industry, will also join at the start, transferring its listing from the bourse's existing junior market. Utimaco Software, which makes software security systems, plans an issue towards the end of the year. Deutsche Börse hopes around 20 companies can be listed in the first year or so.

Heinz Kenkmann, a Bertrand director, says the Neuer Markt should be an "enrichment" for the German stock market, providing a transparent, liquid and performance-oriented trading environment for small company shares.

All three companies are highly ambitious. Bertrand, whose turnover grew 44 per cent last year to DM103m and is expected to advance 22 per cent in 1997, has 5 per cent of the DM2bn European market in its sector. But it is growing faster than the market and plans to expand in Germany and abroad. In a few years, Kenkmann hopes a third of Bertrand's turnover will come from outside Germany against 5 per cent now. It is pushing into the UK market, having established a foothold in France. Further ahead, it is eyeing the US market. Its workforce is set to rise to 750 this year from 645 in 1996.

Schmid says MobilCom, whose workforce has risen from 151 a year ago to 222, would never have contemplated a public share issue without the Neuer Markt. "In the traditional way of thinking, there would have been no place on the stock market for a company like ours. We're too young. We're in our fifth year and only our second year of profit. Last year, we paid our first dividend."

By 2000, it aims to double turnover, which rose 29 per cent last year to DM265m, and triple pre-tax profits, which totalled DM12m. Schmid wants 40 per cent of the share issue, which could raise as much as DM40m, to go to foreign investors.

With such a short track record, MobilCom is not the type of company German banks have previously brought to the market. Nor is Utimaco, whose turnover (half of which is abroad) grew 38 per cent last year to DM35m with a target of DM100m in 2000.

Horst Görtz, Utimaco's chairman, says it plans to raise at least DM15m. The money will be used to expand in Europe and Asia, with acquisitions very much in mind. He bemoans the lack of a full-blown equity culture in Germany. All three companies court foreign investors, especially UK funds and institutions specialising in small and medium-sized companies. The Neuer Markt's structure, with domestic and foreign banks and investment houses acting as sponsors in a role combining market-making, research and advice, is designed to promote liquidity and thus stimulate investor interest.

Yet despite their reluctance to buy shares, Germans lose huge sums each year on dubious investment schemes promising impossibly high returns. "We have to reclaim some of that money," Görtz says. Magona thinks the Neuer Markt should be an ideal vehicle for this.

Gameplan which put PlayStation on top

Michiyo Nakamoto explains how Sony snatched leadership of the video games market

Three years ago Sony was a nonentity in the video games market; today it is the market leader. It has sold 12m of its PlayStation games machines worldwide, compared with Sega and Nintendo which have sold 7m and 4m respectively of their latest machines. Just how has Sony beaten its rivals in such a short time?

Part of Sony's secret has been the way it has realised synergies between its hardware and software operations. It has combined its expertise in electronics technology with its software marketing know-how, acquired through Sony Music Entertainment, its record company.

Initially Sony was not particularly interested in the video games market, which had been more or less single-handedly developed in Japan by Nintendo. Ironically it was Nintendo that provided Sony with an interest and a crucial toehold in the market. Shigeo Maruyama, then vice-president of SME, had become hooked on video games after winning a Nintendo Super Famicon video games machine at a party.

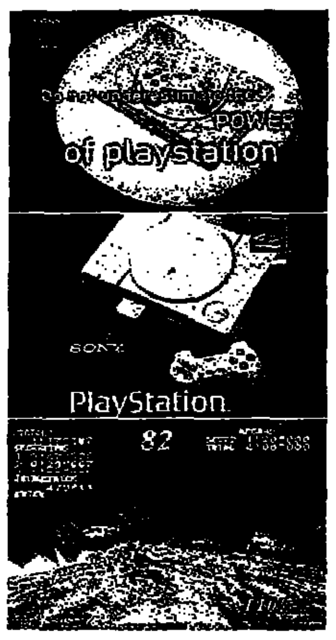
Maruyama decided he wanted to produce software for the Super Famicon and set up a division within SME, which launched several popular titles for the Nintendo machine.

"So, Sony already had a group within that had direct involvement in the distribution of Nintendo software," explains Masatsuka Saeki, senior vice-president at Sony Computer Entertainment, Sony's video games company which developed the PlayStation.

Meanwhile, the consumer electronics division of Sony was also making sound semiconductor chips for the Super Famicon. Discussions began on the possibility of producing a machine that would use CD-Roms instead of the more expensive cartridges Nintendo's machines used.

Although that project never took off, it was enough to spark interest at Sony in entering the video games market.

Sony set about preparing for its plunge into the market with meticulous market research. The best chance it had of breaking into the market, it decided, would be to launch an advanced machine at the point when the market for Nintendo's



Super Famicon had become saturated.

The company's technological expertise meant that producing an attractive machine was not the biggest problem. There were other hurdles. For one thing, although the name Sony is one of the most widely recognised consumer brands in the world, the company did not have any street credibility in video games.

The strategy SCE adopted was to underplay the Sony name and emphasise the PlayStation brand in TV advertising.

At the same time, it decided not to sell the PlayStation at consumer electronics retailers. Sony's market research in Japan had shown it that consumers do not buy video games machines at consumer electronics retailers but at discount stores and specialist video games stores.

The move was unprecedented and triggered protests from shops which normally carried Sony's consumer products.

SCE stood its ground, helped by the fact that it was separate from Sony. If the video games business had remained within Sony it would have been more difficult to keep the machines out of its affiliated retailers and so build SCE's image as a video games maker.

Sony was fortunate that Sega launched its 32-bit machine, the Sega Saturn, in Japan just one month before Sony brought out the 32-bit PlayStation. Not only did the Saturn establish the superiority of 32-bit technology among consumers, the timing provided a perfect opportunity for Sony to create the impression, through media coverage, that the battle for the 32-bit market was going to be between Sega and Sony.

Leadership from SME executives, who went to work inside SCE, was also important to the PlayStation's success.

Sony is principally a manufacturer of hardware that prides itself on its technology. But those who joined SCE from the music company knew that software sales would drive sales of the PlayStation. They decided to sell the games machine at a low enough price to attract consumers, even if this meant losing money initially.

The importance placed on software also encouraged SCE to court independent software producers with a licensing deal that was far more attractive than Nintendo's. As a result, software producers which had long been affiliated to Nintendo, and had been instrumental in boosting Super Famicon sales, switched their allegiance to SCE.

DEREGULATION OF ACCOUNTS • by Sydney Paulden

Moves to cut needless red tape

Small businesses can save money and time if annual accounts are simplified

Small businesses are being wooed by the British government, by opposition parties and by the European Commission. They are seen as a source of votes and as a way of increasing the number of jobs available.

They may be individually small, but together they make up a substantial sector of commerce and industry. One estimate is that 95 per cent of UK businesses qualify as "small", but this depends on the definition of "small". At the end of 1995, Mr Philip Oppenheimer, at that time the minister responsible for this sector, defined a small business as one that has any two of the following three attributes: a workforce of fewer than 50; a balance sheet value of less than £1 4m; and an annual turnover below £2.8m.

The government is trying to cut unnecessary red tape that entangles the small enterprise, so that managers can be left to get on with making a profit and expanding their workforces. By simplifying the demands for annual audited accounts time and money can be saved. Consequently, the department of trade and industry (DTI) is considering a different definition of "small" – increasing the ceiling for audit exemptions from the present £90,000 annual turnover to £350,000.

One disadvantage is that with less data available, lenders would be more apprehensive about giving loans and suppliers reluctant to extend credit to smaller enterprises. This could starve them of much-needed working capital. According to Mr Peter Rowe, director-general of the Institute of Credit Management, "there are serious implications, because suppliers will refuse to extend credit to companies without properly audited accounts until those companies have established a track record."

The two main sources of cash and credit are the banks and the suppliers, which maintain that annual accounts are one of the least useful means of judging the creditworthiness of a small enterprise. Accounts are likely to be at least 15 months old and much could have happened to change the fortunes of a business during that time.

Management accounts, preferably available quarterly, are a much better guide, according to Mike Young, assistant director of the British Bankers' Association. And the suppliers say that trade references and up-to-date computer records relating to court judgments and defaults are much more reliable as an indication of shaky finances.

Bank managers rely heavily on personal contact, as frequently as possible, with the managements of small business clients. These meetings help to formulate opinions on how accurately managers predict their cashflow and profitability, how well they control their businesses and how well they appreciate the workings of their markets. Banks can watch the "swing" on the account, tracing the rise in the overdraft as investment is made on materials and labour and then the improvement in finances as the payments flow in from customers.

Computers have widened the range of live data available to bank managers, including average overdraft levels, financial trends and monthly payments into and out of individual business accounts.

One school of thought maintains that the drawing up of annual accounts is a necessary discipline for the small business manager. However, some accountants maintain that providing frequent up-to-date information to banks, meeting the criteria of customs and excise on VAT returns, and satisfying the Inland Revenue inspectors for tax purposes are sufficient disciplines.

The Forum of Private Business and the Federation of Small Businesses point out that the main aim of annual accounts is to ensure that the shareholders of a company are fully informed of the state of the business in which they have a vested interest. However, the majority of small enterprises are owned by the people who manage them. "So, annual accounts are simply a way for managers to report to themselves, paying dearly for the privilege," says Mr Nick Goulding of the FPB.

The small enterprise organisations point out that the annual accounts of small businesses, which more than likely are based on a small number of products or services, can provide much information to competitors.

However, the main problem, according to UK organisations, may lie with the EC. They fear that the EC could set the ceiling for a small business at such a high level that too many medium-sized enterprises could claim immunity from drawing up annual accounts.

The DTI's Financial Reporting Policy Directorate has been investigating the establishment of standardised, more simplified, methods of reporting for smaller enterprises.

The British Bankers' Association's reply on January 31 to proposals put forward by the DTI was probably the last important comment awaited. Therefore the DTI's findings should be available soon.

In its submission, the BBA approved the idea of standard formats, but only for small businesses, and did not welcome the idea of different formats for different sectors of business. One advantage seen by the BBA for a standard format is the automating of the analysis of accounts, which would require uniformity.

INSOLVENCY REFORM • by Sydney Paulden

Changes on the way

The option to call in administrators has not been used as readily as was hoped

In 1986, the UK government made significant changes to the law governing insolvencies and business fraud. These changes were aimed at eliminating anomalies. Generally, the opinion of organisations such the Confederation of British Industry, the Forum of Private Business and the Society of Practitioners in Insolvency is that the measures have resulted in some improvements, but have not been as successful as was intended.

Courts are now disqualifying company directors in substantial numbers where it is proved that they traded wrongfully by accepting credit where there was no reasonable expectation that creditors could be repaid. However, suppliers complain there are still too many instances where businesses are run into insolvency, leaving substantial debts, and where the directors start up similar businesses with different names thus putting more creditors at risk.

The option to call in an administrator rather than a receiver has not been taken up as readily as it was hoped by the department of trade and industry (DTI). There are several explanations for this. One is that an administrator has to be called in to an ailing company at a fairly early stage to give the business a good chance of trading out of its difficulties. But directors of companies that fall on hard times are reluctant to recognise that their businesses are ailing and are apprehensive about admitting it publicly, because this, they feel, could be the final act that would ensure that their company would be wound up.

There has been much debate on the question of introducing further measures, such as the Chapter 11 option in the US, that would give companies time to remedy the situation. In the US, creditors can be held at bay while the business works hard to put its finances back on an even keel. The problem, however, is the difference in the business cultures of the two countries. Americans regard the ups and downs of businesses as facts of life, whereas the British are emotional about them.

Managers of an insolvent business consider themselves failures on a personal level and so do everything possible to pretend to themselves and to others that matters are fine.

Creditors who stand to lose money resent the managers of a failed business on a personal level. "There is too often", says one leading insolvency practitioner, "a sense of wanting to get even. Creditors often gain some personal satisfaction at seeing a debtor company go down. They exhibit a sort of 'serve-them-right' attitude."

Much of the thinking about insolvency reform is directed towards the problem of small business failure. At the end of 1995, the DTI published proposals on insolvency reform which stated that it was in favour of legislation that creditors should grant smaller businesses a 28-day moratorium. This breathing space was intended to give companies a chance to prove that they could climb out of a difficult situation if they continued trading.

The DTI suggested that this option should be available only to smaller businesses. However, current estimates suggest that the banks have £35bn out on loan to small businesses. The British banks maintain they invented the idea of a "rescue culture". They point out that during the depth of the recent recession, they were patient with many smaller businesses in difficulties to give them a chance of survival.

Speaking for the insolvency practitioners Coopers & Lybrand, Mr Steve Hill says that too much publicity was given to a small number of instances where owners complained of high-handed action by banks and receivers which resulted in viable companies being closed down precipitantly.

"Out of 10,000 receiverships," says Mr Hill, "there may have been 20 or 30 companies that gained some focus of media attention with their complaints. It has to be remembered that there are obvious avenues for complaint and legal recourse if it is thought that receivers have not carried out their duties correctly. They are obliged to obtain the maximum benefit for the creditors. This applies to possible salvage of the business if this would maximise its eventual assets."

The banks say that where a company can continue to trade, then the creditors almost always recover more of their money. The test is whether the managers of a business have shown themselves to be competent or whether the problem is likely to be temporary. Banks claim they are more than ever prepared to support clients through these bad times and point out that the failure of a large customer may have a domino effect, which damages suppliers.

However, where incompetence or the loss of a market causes difficulties, then providing support will exacerbate the situation.

There is a consensus, therefore, within the credit industry, that an important task for government is education.

PROFILE Facia

Receivers to the rescue

The news that receivers have been called in to a company is often seen by creditors and shareholders as the kiss of death to their debts and investments. Often, the officials will have arrived too late to salvage very much of value.

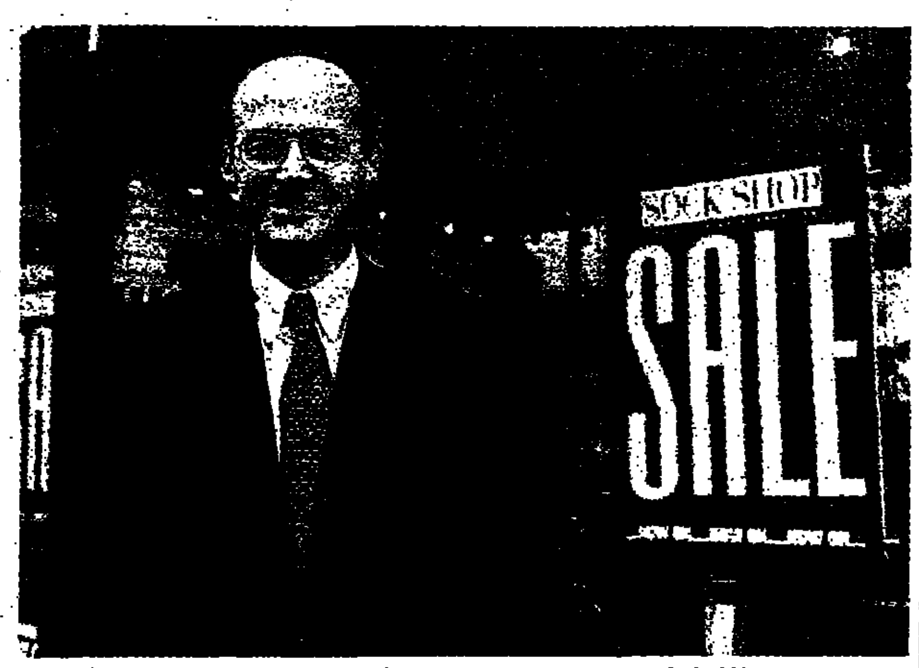
However, the recent receivership of Facia, once the second largest private retail empire in the UK, is described by Mr Tony Thompson, an insolvency partner at KPMG, as "among the most satisfying I have had to deal with".

Facia was assembled by Mr Stephen Hinchliffe, a Sheffield-based businessman, during a two-year buying spree which included Sock Shop, Contessa, Oakland, Torq, and Salisburys, among other high street names. It first ran into difficulties more than a year ago, but came to the attention of the public in May 1996 when Sears, the retail group, began to pursue the company for debts of around £30m.

"We were able to run the businesses, keep people in their jobs, then successfully sell the businesses on and satisfy all the secured creditors," says Mr Thompson.

The crucial difference between the Facia receivership and most others to which KPMG is appointed was in the timing of the appointment. The accountancy firm was called in at a relatively early stage and this enabled it to establish some financial order in the complex corporate structure before the situation deteriorated.

KPMG was first contacted shortly before Christmas 1995 by United Mizrahi Bank, Israel's fourth largest bank. UMB had a £12m loan to Facia outstanding, which was among its largest exposures. The bank was concerned that payments were not being made and that its contact with Facia had become intermittent.



Tony Thompson: 'among the most satisfying receiverships I have had to deal with'

An initial investigation by a 20-strong KPMG team uncovered financial difficulties at Facia and set about putting together a refinancing package, code-named Project Saturn. This was made more difficult because the new financing had to be secured and had to have cross-guarantees, while the Facia organisation was a complex and disparate one.

"Access was particularly difficult because each company had its own accounting system," says Mr Thompson.

The co-operation of the Facia directors was essential because of the financing KPMG was arranging. Eventually after three months, the objectives of Project Saturn were achieved: a repayment schedule between UMB and Facia was agreed, security for the bank was underscored, and a monthly reporting system was put into place so that the bank could monitor the financial situation.

By the end of May 1996, UMB's debt was reduced to £7.5m, with the agreement due to run until the end of the year. However, the situation suddenly began to deteriorate. Sears, an unsecured creditor, presented a petition to take Facia's footwear business into administration. In the complex web of Facia's financing, the business also owed other parts of the group some £16m.

KPMG moved quickly to implement a contingency plan for receivership and were appointed by UMB within a day of Sears's administration move. The situation facing the receivers was a serious one: dozens of businesses, comprising 2,000 shops and 5,000 staff, had to be managed, and an £8m rent bill had to be paid within 23 days.

Liberal use of the press was made in the initial stages to keep the staff, as well as customers and creditors, informed. "The use of the media at that time was vital to us," says Mr Thompson. When it went into receivership, Facia had debts of some £30m on annual sales of £250m and had lost £9m in the previous 16 weeks.

The reaction from prospective buyers of Facia was "a stampede", according to Mr Thompson. The receiver realised £20m from the sale of Facia, double the estimate put on the group by some observers.

Some £13m went to pay preferred and secured creditors. A liquidator was also appointed. Unsecured creditors were owed around £60m, with Sears seeking half of that. The cost of the receivership, which involved 50 KPMG staff, was about £2m.

Sears's success in placing Facia's 380 shoe shops, including Freeman Hardy and Willis, Trueform and Curtess, in administration, led to the appointment of Price Waterhouse as administrators. Sears made provisions totalling £74m for the shops.

The task was made more difficult for Price Waterhouse after it emerged that Mr Hinchliffe personally owned the 380 shops, rather than one of his companies.

The affairs of Facia and of Mr Hinchliffe are now under investigation by the Serious Fraud Office.

Christopher Price

COLLECTING MONEY OWED • by Joel Kibazo

How to recover debts

Taking action in court is regarded as a last resort by companies that are owed money

Taking legal action to recover debts is normal practice for companies owed large sums of money. But an increasing number of companies are using other methods of debt collection and are installing sophisticated credit management systems to avoid lengthy and expensive court procedures.

When a company or an individual decides there is no alternative to legal action, the first consideration is whether the debtor has the funds or the assets to repay the debt. The next question is whether action should be taken in the county court or in the high court. The answer to this depends on the nature of the debt, its age, its size and its type.

In general terms, cases involving up to £50,000 may be started in the county court. Cases concerning amounts above that figure are often started in the high court but if they are considered to be sufficiently straightforward they will be sent to the county court.

High court proceedings are generally more expensive than county court cases. However, the high court is often quicker and it has powers such as the Anton Piller orders which prevent the destruction of documents, and Mareva injunctions which block the transfer of assets.

When proceedings are taken through the high court, the means of enforcement will be through a sheriff, while bailiffs enforce the action through a county court.

While bailiffs and sheriffs are both empowered to seize assets, lawyers prefer sheriffs, who are independent operators who act on behalf of the court, and tend to be more effective when it comes to debt collection.

Bailiffs are agents appointed by the court and have to wait until all legal challenges are exhausted before they can move to try and recover the debt. This procedure tends to delay recovery of the debt.

Credit management departments and lawyers regard court action as a last resort. Some even suggest that court action to recover a debt may be considered a failure of credit control methods.

Attention has thus switched to alternative methods of debt recovery. Mr Andrew Chappell, partner in charge of the Bradford-based recovery and collection office for solicitors Dibb Lupton Alsop, says companies now prefer other ways of collecting money owed rather than litigation. If these methods do not work then there are effective legal steps available apart from the usual county court and high court processes.

Companies may ask their solicitor to serve an individual debtor with a statutory demand that consists of a letter demanding the outstanding debt be repaid within 21 days. The debtor is warned that failure to pay the debt could result in a petition for bankruptcy.

In the case of a company, the lawyer informs the company that failure to pay the debt may lead to a winding up order forcing the company into compulsory liquidation. Mr Chappell, believes that this particular method tends to work. "People realise the situation is really serious and they tend to act after receiving such a letter. We have found it one of the most effective ways of recovering debts," he says.

Some companies have simply decided to "outsource" the credit control function to collection agents or to the growing number of legal practices that have moved into the field over the past few years. "A firm such as ours has people who are experienced in collection and we find we are able to do the job efficiently. For one thing, a solicitor's letterhead tends to have an impact," said Mr Chappell.

Another alternative to legal action is to obtain detailed information about the potential customer or client, especially their payment track record. This information is obtainable from credit reference agencies such as CCN and Dun & Bradstreet.

Professor Nicholas Wilson, who specialises in credit management at the University of Bradford, believes information from credit reference agencies not only helps a company decide whether to extend credit to a customer in the first instance, but at a later date can be important in influencing decisions on what action should be taken.

EUROPEAN PRACTICE • by Joel Kibazo

Consensus missing on interest charges

Cultural differences militate against a Europe-wide approach

As the deadline for European monetary union approaches, credit management systems and methods within Europe remain distinct, with few signs that they will begin to converge in the near future.

A study conducted last year by the Institute of Credit Management(ICM) in 15 European countries (and updated last month) found, perhaps predictably, that late or non payment of debt is a problem throughout Europe and has been for some time.

One of the main features of the report was the issue of "statutory interest" and a "statutory right to interest" both of which deal with the right of obtaining interest rate payment on an outstanding debt.

The Labour party if elected has promised it would legislate on this issue but business itself remains divided on whether such legislation would benefit small and medium-sized businesses.

European countries can be divided into those that have legislation for statutory interest and use it, and those that have but do not. The former include Austria, Denmark, Finland, Sweden, and Switzerland, while those where the legislation is not enforced are Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal and Spain. Cyprus and Greece do not have such laws.

"Of those countries which use the legislation regarding statutory interest, it is interesting to note that there is no uniform legal framework. For example, in Austria the law allows for statutory interest at 5 per cent a year, but parties can contract at a higher rate. Denmark allows freedom to set a rate, and Sweden specifies 8 per cent above the bank base rate," the report concluded.

Thus, there is no single model of best practice, making comparisons difficult, said the researchers. Where legislation is not used the need to retain customers is cited, as well as the cost and duration of legal proceedings.

In nine countries summary court proceedings are available for undisputed cases or small claims, enabling creditors to obtain payments more quickly. Where summary proceedings are not available, evidence from 10 of the countries surveyed revealed settlement through the courts took around a year or more, an obvious deterrent to use of the courts.

The role of the bailiff appears to vary little across Europe, with the debtor being required in most countries to pay bailiffs' fees. Differences were noted, however, in efficiency, with Finland, which has a government controlled State Execution Authority, winning top marks for efficiency. In the Netherlands, bailiffs also operate as debt collectors before a debt goes to court.

Retention of title clauses remains common throughout Europe, with only France, Italy, Portugal, Spain and Switzerland maintaining a register for such clauses.

Mrs Kate Beddington-Brown who carried out the study for the Institute of Credit Management points out there is no one model that can be replicated everywhere in Europe to create a uniform approach. "Cultural differences exist and they are not easy to overcome. There are big differences between a small society such as Finland where people tend to know each other and a country such as the UK with a large population. Differences also exist in the way small and medium sized companies receive extended trade credit, which is an important factor when looking at late payment."

But changes are taking place, even if only slowly. In France, the government introduced a decree in December 1996 which laid down rules for debt collection agencies, while in the UK, a British Standard (BS 7890) on achieving good payment performance was launched last September.

Calls have been made from some quarters for the Bank of England to lead a new and wider version of the 'London Approach' under which lenders co-operate to try and save big companies which run into financial trouble. The bank prefers, however, to limit its role to situations where several lenders are involved and these inevitably tend to be those concerning bigger companies. It is reluctant to take part in rescues where there are perhaps only one or two lenders, regarding that as a commercial situation outside its jurisdiction.

Professor Nicholas Wilson, a specialist in credit management at the University of Bradford, believes, however, that the UK as a whole needs to develop a "rescue culture" if more British businesses are to be saved after falling into trouble with creditors.

"What we need is a rescue culture with a system such as Chapter 11 in the US but one that covers small and medium size companies," he argues.

COMMENT & ANALYSIS

Philip Stephens

The dynamic duo

Two big ideas this week attempted to change the relationship between the state and the individual

Mostly we are deafened by the noise of politics, by the inane clatter of party point-scoring, of gaffes and blunders, indiscretions and empty rhetoric. In Britain these past few years, there has seemed no escape. Yet, at rare moments, the gentle whirr of creative thinking can be heard above the din. New ideas break the spell of the past. We catch a glimpse of the world as it might be.

It has happened this week. From both sides of the spectrum have come visions of the future. If their authors only knew, these excursions into serious politics are complementary rather than contradictory.

John Major told us how he would redraw the boundaries of the welfare state. Tony Blair and Paddy Ashdown offered the nation a new constitutional map. The first is designed to transfer responsibility from state to individual, the second to move political power in the same direction. There are flaws and omissions in both designs, but, for once, the politicians have been courageous enough to change the terms of debate.

Start with the government's proposal gradually to replace state pensions with personal, privately funded, schemes. Eight weeks from a general election, this is easily dismissed as a last throw of the ideological dice by an administration clinging to power by its fingernails.

Yet the blueprint drawn by Peter Lilley, the social security secretary, and presented in 10 Downing Street by John Major will long outlive its inspiration. The prize, albeit in 40 years' time, is a cut of 10 per cent or more in overall public spending. In cash terms, that is £40bn a year.

The plan is remarkable for the sheer ingenuity with which it proposes to shuffle the pensions burden across the generations. A leap from the present pay-as-you-go system to funded provision has always meant one generation paying twice for its security in retirement. But Mr Lilley has spread the load with such sleight of hand as to render it virtually invisible.

It is a pity about Mr Lilley. His handling of the social security portfolio has been a rare example of serious administration. All who know him comment on his intelligence and diligence. Were it not for his eccentric hostility towards the European Union he would be at the front of the field among contenders for the succession to Mr Major.

Sadly, Mr Lilley sat at the feet of Enoch Powell at an impressionable age. He was exposed, so colleagues say, to that Powellite strain of English nationalism whose logic is at once as incontrovertible and as flawed as that of the asylum.

I digress. Mr Lilley's proposed Basic Pension Plus (an epithet carefully chosen to hide the reality that the state pension will disappear) sets a direction from which there can be no turning back. The stuttering response of New Labour – surely Mr Blair is not serious about giving Harriet Harman cabinet responsibility for social security? – offers ample testimony to that reality.

> From both sides of the spectrum have come visions of the future. These excursions into serious politics are complementary, not contradictory

A Blair government might produce a rival scheme, striking perhaps a more symmetrical balance between the responsibilities of state and individual. The Lilley plan is hardly generous towards those at the lower end of the income scale.

But a rubicon has been crossed. The weakness of the present pay-as-you-go arrangements has been exposed. And, most importantly, the present flat-rate payment to the retired rich and poor alike is no longer inviolate. Nine decades on from Lloyd George's first experiment with state insurance, that particular taboo has been broken.

There is scope now for a New Labour government to develop its alternative proposals for a mix of individual, state and co-operative pension arrangements. Gordon Brown, the shadow chancellor, has long been studying the options.

Above all, a route has opened up by which Mr Blair could turn his oft-promised reform of the welfare state into reality. The promise, even long term, of substantial savings on social security begins to open all sorts of possibilities elsewhere.

This week's accord between Labour and the Liberal Democrats on a programme for political reform was presented in less grand surroundings than 10 Downing Street. Unduly nervous of the Conservative charge that they have struck a grubby pre-election pact, the party leaders left the task to their lieutenants on the issue, Robin Cook and Robert Maclennan.

Too many of those in close proximity to Mr Blair see constitutional change as an issue for the metropolitan chattering classes, irrelevant to the middle England votes needed to put New Labour in power. The same argument, of course, was deployed by opponents of the Great Reform Act a century and a half ago.

But the conclusions of the two parties' joint committee on constitutional reform are no less momentous for such cynicism. The simple fact that Labour and Liberal Democrats can agree on the broad shape of reform during the next parliament is significant enough. Co-operative politics is alien to the British system. More telling still, Labour has signed up from a position of strength. This is no last, desperate effort to prise the Conservatives from office.

If implemented, the programme would bring an irreversible shift in the way the nation is governed. Mr Lilley's pensions plan is built on the premise that the state must hand back to individuals control of their economic destiny. Messrs Cook and Maclennan are talking about breaking the state's authoritarian grip on political power.

Their starting point, rightly, is that the British state is too centralised, too unrepresentative and too secretive. Devolution in Scotland and Wales, a bill of rights, freedom of information, reform of the House of Lords and, step by step, electoral reform are of a piece in their ambition to return power to people.

The two parties have not settled all their differences. Mr Blair's reluctance to consider a more representative electoral system for the House of Commons leaves them with the pledge of a referendum without a firm recommendation. In legislative terms, the programme seems to rest precariously on the initial success of Scottish devolution.

The Conservatives say no to any serious reform: liberal in their economics, they seek a socialist monopoly of political power. But, once under way, the process of reform could not be stopped. Once in a while, ideas count for more than slogans.

LETTERS TO THE EDITOR

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N Korea's old guard is flexing its muscles

From Mr Aidan Foster-Carter.

Sir, John Burton repeats the oft-heard view that North Korea's old guard is "being eased out in favour of a new generation of technocrats that supports a gradual opening" ("North Korea loses third man in leadership", February 25). I fear the very opposite. It is the technocrats who are being eased out. A case in point is Kang Song-san, recently dismissed as premier. While illness was a factor in Kang's case, this cannot explain the ominous exclusion of pragmatists from the recent funeral committee for the late defence minister, Choe Gwang.

In the past, these lists have been a broad cross section of Pyongyang's three estates: party, military, and government. But on this occasion more than half the names were military, including a trio of marshals who were placed sixth to eighth, above full politburo members. By contrast, mere cabinet ministers and even deputy premiers were no longer listed at all. Specific reformist absentees, whose high party rank should have guaranteed their presence, include former premier Yon Hyong-muk, and the metal industry minister Choe Yong-rim.

Mr Burton also has hopes of "younger generals who emphasise professionalism rather than ideology". But this too may be wishful thinking. The North Korean officer class, old and young alike, is both profoundly ignorant of the wider world and well aware that economic reform would clip its wings and cut its vast budget. I would not hold out much hope of young Turks, as some in Seoul do.

One important corollary is that those North Koreans who are Pyongyang's face to foreigners are not those with real power. Neither Kang Sok-ju, the deputy foreign minister who negotiated th 1994 Geneva nuclear accor nor Kim Jong-u, recently i Davos touting for foreign investment, was on the funeral list. Such men are able and affable, but they are subalterns. It is far fro clear that their masters ar committed to even "gradu opening; let alone the urg reforms needed if North Korea is to survive.

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Barrage of adverts spoils American TV's jewels

From Mr Richard Jones.

Sir, Christopher Dunkley wrote an interesting article in which he compared television sitcoms produced in the UK and the US ("If it's witty, it must be American", February 22/23).

The thrust of the piece was that some contemporary US comedy is in many ways superior to that produced in the UK.

I cannot comment on the veracity of his point of view, for the American shows he cites as examples of cutting-edge wit have passed me by (Frasier, Seinfeld, The X Files, etc.). I am aware of them, for they are talked about a great deal, as he outlines.

Here in America, such shows are mostly aired on the "cheap channels". These are the local affiliates of the big broadcasters, such as NBC, ABC, and Fox, and are little more than relay points: they produce almost nothing of their own except coverage of local events.

Programme presentation is generally awful. The schedule's contents are naturally spotty in quality, ranging from middling news presentation, silly chat shows of the Oprah Winfrey variety, to the comedies under discussion.

What really gets up my nose is that the output is a vehicle for a barrage of adverts, many produced very amateurishly by a local trader and his dog, using a wonky second-hand video camera.

At the end of a show, it's time for some commercials, followed by the show's credits run at super-high speed, then peddlers of second-hand cars, succeeded by opening scenes of the next item, and AGAIN, more hawkers.

Without using a stopwatch I could not say how much of one hour's viewing is devoted to actual entertainment, education, or inforr tion. But if, in error, I hap pen upon one of these cha nels, it seems that I watch long series of adverts, wit an occasional break for a programme.

I avoid the local TV stations like the plague. Of t 70-plus cable channels wh are available in Houston, everything under channel is almost universally irrit ting, or banal.

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Early days of monetary union

From Mr Michael Parsons.

Sir, the quote below, from *A Guide to Belgium*, published in London in 1905, provides useful ammunition for both sides in the current Emu debate.

"Belgium is in the monetary union (comprising also France, Italy, Greece and Switzerland). The currency is reckoned by francs and centimes.

"The English sovereign is worth 25 francs at par, and travellers should never accept less in changing English gold or English banknotes at the hotels and at railway stations. The rate of exchange is invariably slightly in favour of English over Belgian money, though it varies daily."

Plus ça change ...

Michael Parsons,
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Notes on the Underground

From Mr D. S. Wallace.

Sir, Peter Martin's excellent article "Full circle to disaster" (March 1/2) neatly covers the history of the London Underground.

No easy financial solutions emerge from that history, but better options do stand out:

- The requirement for an integrated system under strong management.
- The need for a democratic London authority in relationship with managemer
- Local finance – throug fares, private London bus ness and a London precep

Difficult future decisior with regard to all London traffic seem inevitable. Lo don taking up its respons bility for the Underground would ease that future.

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The FT Interview • Tung Chee-hwa

A tough balancing act

Hong Kong's leader-in-waiting discusses his tricky agenda with John Ridding

Tung: 'I think I have the trust of the Beijing leadership'

It has been a tough passage for Mr Tung Chee-hwa, the shipping tycoon who has left his corporate fleet to become Hong Kong's first post-colonial leader. Even before he takes office in July, the former businessman has been confronted by diplomatic disputes and difficult political decisions.

Bridging the gap between China and Hong Kong was always going to be hard – a legacy of Sino-British rows over democratic reforms and civil liberties soon ensnared the new leader. Then, the death last month of Deng Xiaoping, China's paramount leader, focused international attention on China and its handling of Hong Kong's transition, further raising the stakes for Mr Tung.

After early gaffes, including an outburst against Mr Martin Lee, leader of the Democratic party and a critic of China, Mr Tung has sharpened his political skills and bolstered his public support. He appears relaxed and confident. "The responsibility is enormous and unprecedented, but I am enjoying it," he says, outlining his priorities for the months ahead and his plans for post-colonial Hong Kong.

Neither, he says, are affected by Deng's demise. "One of his achievements was to organise the succession. China will move forward without missing a beat. There will be no impact on Hong Kong," he says, referring to Beijing's policy towards the territory.

That policy, devised by Deng, promises autonomy for Hong Kong and the preservation of its capitalist system. Mr Tung says his objective is to ensure the pledges are implemented and to reassure the sceptics. Beijing's plan to replace the existing legislature and to amend laws protecting civil liberties – proposals backed by Mr Tung – have prompted concerns in the US and Europe about Hong Kong's prospects and whether China understands how it works.

The message that Mr Tung will seek to deliver at home, and possibly during a proposed trip to the US, is that Hong Kong's confidence remains robust. China has a vested interest in a successful transition, he says, partly because the territory is the dynamo for its own economy. His meetings with Beijing's leaders have assured him they understand what makes Hong Kong tick.

As the territory's point man in its dealings with China, Mr Tung's initial priority after his selection in December was to build a relationship with Beijing. And in that, he claims success. "There are very good lines of communication with the central government. I think I have the trust of the leadership."

As evidence, he points to the endorsement last month of his decision to retain all top policy officials. The move helped ease concerns in Hong Kong after the civil liberties row and underpinned a recovery in his popularity. A survey in the Apple Daily newspaper last week gave him an approval rating of 65 per cent.

Critics charge that Mr Tung's support for legal amendments which require police permission for demonstrations show he is out of touch with public opinion. "He is just a chess piece," says one pro-democracy legislator. Supporters disagree. Mr Allen Lee, leader of the pro-business Liberal party, who has known him for 20 years, describes him as a man of conviction.

Outlining his political views and his plans for Hong Kong, Mr Tung does not give the impression of a yes-man. But, like many of the territory's tycoons, he comes across as deeply conservative. "In the past five years we have become too politicised as a community. We could have done a lot more through strong, executive-led government." His stance on demonstrations, he says, reflects a desire to strike a balance between individual rights and social obligations. He stresses the importance of Chinese values, including patience and persistence, and the need for order and stability.

That all sounds rather Singaporean. But, in spite of his admiration for Mr Lee Kuan Yew, the city state's patriarch, and notwithstanding Mr Tung's conviction that business is best served by stability, the Hong Kong tycoon plays down the parallels. "So far as economics are concerned, we follow the line, by and large, of non-intervention. Singapore tends to be more structured and planned. I think we will keep what makes us successful." Mr Tung reserves the right to "tinker at the edges" of economic managem but such comments sh ease concerns of a shift f the free-market poli behind Hong Kong's nomic success.

He also seeks to reas on the more immediate troversies surrounding liberties and polit reforms. While insisting tighter controls over den strations and amendm to the bill of rights do undermine civil liberties, Tung has moved to de the row. He has prom public consultation be new laws are drafted says he will "listen carefully" to reaction. believes the issue has b blown out of proportion. cities in Canada, the US the UK you need police mission," he says wit flash of frustration. where is the roll-back civil liberties? I don't see

Concerning the pr sional legislature, which replace the existing ele legislative council in J Mr Tung promises to k its tenure as short as p ble. A new body should b place in the first half of 1 he says, and the Democr party is welcome to par pate in elections.

Rules for electing the body are just one of the cial issues piled on Tung's desk. He must form the commission wh appoints the territo judges and oversee the d ing of laws on subversio

That poses a serious of his political skills. Fea that Hong Kong could vide a base for dissent, nese officials have signa a tough line regarding c cism of the mainland gov ment and the definition sedition. Mr Tung face daunting task in reconcil Chinese concerns with l expectations.

Supporters stress Tung's ability to build c sensus. "People complain is conservative, but then are a lot of people in H Kong," says one politi ally. "Although he has fa a steep learning curve, h much better at explain himself and striking a ance," he says. As the c lenges Mr Tung has alre faced demonstrate, that ance can be hard to find.

ARTS

Sibelius rediscovered

Andrew Clark talks to a conductor who is transforming our understanding of music

When Osmo Vänskä began to study the little-known original version of Sibelius's Fifth Symphony, some of his Finnish colleagues told him the music was rubbish. But the recording he made with the Lahti Symphony Orchestra, part of a complete Sibelius edition on the BIS label, has been internationally hailed as a revelation.

Conductors who transform our understanding of music are few and far between, but Vänskä is one of them. He is currently spearheading "The Sibelius Experience" – a series of six concerts by the BBC Scottish Symphony Orchestra, of which he became chief conductor last summer. In the first two concerts, Vänskä has proved himself a master of orchestral drama. He gives Sibelius an unsentimental, anti-Romantic edge, with crisp attacks and abrupt fades; the music sounds tense, severe and fiercely expressive, with as much power to chill as to warm.

The third concert, embracing the Third and Fourth Symphonies, takes place tomorrow night at Glasgow's City Hall. On April 16, Vänskä will explore the differences between the first and final versions of the Fifth Symphony, and on May 1 he conducts the UK premiere of *The Wood Nymph*, a tone poem ignored for nearly 100 years until Vänskä discovered it. The BBC will broadcast all six concerts between May 4 and 11, when Sibelius is Radio 3's Composer of the Week.

Sibelius is no newcomer to Scotland. Between the wars, one of his leading champions in the UK was Ian Whyte, founder of the BBC SSO. After the war, in his 25 years with the Scottish National Orchestra, Sir Alexander Gibson regularly conducted and recorded Sibelius. So Vänskä's interpretations are being judged in the context of a tradition. And as with that pioneering recording of the original version of the Fifth, he is forcing the music world to sit up and listen.

Vänskä, 44, is one of a generation of Finnish musicians cutting a high international profile – the result, he believes, of the value his country places on music education. He spent his early career playing clarinet in the Helsinki Philharmonic, and has been chief conductor in Lahti, 70 miles north of Helsinki, for 11 years. Although happy to conduct Sibelius as an overseas calling card, Vänskä does not regard himself as a specialist. He adopts the same single-minded approach to Beethoven's Fifth Symphony (which he conducted at last year's Proms) as he does to the music of James MacMillan or Kalevi Aho.

Nevertheless, he has had more access to Sibelius manuscripts than most conductors, and more time to experiment with alternative modes of expression and interpretation – thanks to his close relationship with BIS and the disciplined work ethic of his orchestra in Lahti. In a programme article for "The Sibelius Experience", Vänskä argues that each generation needs to find new dimensions in the music it has inherited. "A mere reproduction of ready-made solutions is artistically stultifying, ultimately consigning the performing arts to the museum."

Vänskä is as direct and down-to-earth in person as he is in print. He says the Sibelius performance tradition is so overpowering that it has discouraged close examination of the composer's markings. Vänskä's conversion to a more critical standpoint began when he studied the tempo indications for the original four-movement version of the Fifth Symphony.

"Previously, whenever I had been doing the standard three-movement version, the marking *un pochettino largamente* towards the end had never seemed to me to be correct. It is usually played much slower, as if it was *molto largamente*. But when I studied the original version, and saw how Sibelius came a longer, different way to the same point, the construction became much clearer. It may seem a small detail, but for me it was a sort of 'Eureka', because it affected the whole dynamism of the piece. It gave more power later, not so much earlier."

The only reason Vänskä began exploring the composer's manuscripts was that there were no published scores for some of the little-known works he was recording. In the process he uncovered numerous copyist's errors; he also found that the printed scores fudged some of the composer's markings. He says his interest in the manuscripts lay not so much in the detail, more in the bigger picture they created of Sibelius's intentions. "What I'm looking for is a natural way to understand how he wrote what he did, why he wrote it that way, and have some questions answered. I'm not a theoretical person, I don't want to spend my time in the library. Music for me is the way it sounds."

Vänskä's tempos can sound radically different to other conductors', but he has convincing explanations for every decision. In the First Symphony, for example, he takes the first movement's *allegro energico* at face value, because he believes it represents the explosive vision of a young man – not the wise old master familiar to posterity. And he makes the Sixth Symphony *sound* faster because he follows the same basic tempo throughout the first and last movements. "There's no speeding up or slowing down in the score – the pulse is written in from the first bar. Sibelius set his tempos very accurately, but being a modest man, he wasn't bold enough to argue with the opinions of other musicians. And so a tradition developed." But even Vänskä is prepared to break his own rules.

"I try to find out what the great master has written, but still there must be areas of freedom. The point is: how to make the music breathe and speak to an audience. It doesn't help if we are following exactly what the score says and the music is dead. I don't want to be a pharisee! It's the life behind the notes that we're looking for."

Osmo Vänskä: forcing the music world to sit up and listen

Shifting relationships: Adam Garcia and Tam Williams as the young Al and Birdy

Alastair Muir

Theatre/Sarah Hemming

Birdy takes flight

Playwright Naomi Wallace has already tangled in her work with the thorny subject of male friendship and the difficult passage from adolescence to manhood, so perhaps she was ideally placed to adapt William Wharton's *Birdy* for stage.

She has certainly come up with a wonderful adaptation that is full of humour and tenderness, but that also opens the novel out and makes it work in stage terms. Add to this Kevin Knight's beautifully acted production and you have a piece of theatre that brings Wharton's novel blazingly alive.

Wharton's stream-of-consciousness novel begins in a Kentucky army hospital after the war, where Al, a sergeant, has been summoned to attempt to reach his deeply disturbed childhood friend. "Birdy", his friend, is crouched in a cell, refusing to eat or speak, apparently so distressed by his wartime experiences that he believes himself to be a bird.

The novel weaves back and forth in time, to gradually shade in a picture of Al and Birdy as boys. Birdy was so named, we learn, because of his collection of pigeons and his fascination in their behaviour – a fascination that became obsession as he and Al struggle to hold their own in their deprived and rather brutal surroundings.

One major problem for the adaptor is the fact that flight as a metaphor for freedom seems somewhat hackneyed. The image of young Birdy strapping on his wings in a bid to emulate his feathered companions could simply look absurd, yet Wallace presents his fragile state of mind with such integrity that it never seems so here.

A further hurdle is the novel's roving style, but Wallace makes this work for her by presenting the double journey of the book in tandem using two actors for each character: so we have the boys' descent into manhood cut scene by scene into the mens' painful progress back towards their childhood closeness.

We begin by thinking that it is the war that has damaged them, but gradually realise that conflict has only been the final shocking twist in a process that started much earlier. Wharton is distressed about the dehumanising effect of war; but he is also concerned about the bruising impact of learning to conform to standard male behaviour. We see the two boys start to part company. While Al does press-ups and invites Birdy to punch his iron-hard stomach, Birdy starves himself to reach flying weight; and when Al talks to Birdy of "making it" with a girl after the school prom, Birdy regards him as if he had proposed exhuming a body.

The shifting relationships between the two boys and the two men are beautifully realised in Knight's production, which is carried along by excellent, unflashy performances. Adam Garcia's fresh-faced, ebullient young Al offers a striking contrast to Rob Morrow's guarded, defensive adult Al. Matthew Wait is believably strange as the older Birdy. But perhaps the best performance comes from Tam Williams as the young Birdy – volatile, intense and most touching. There are a few too many revolutions on Kevin Knight's whirling set, which, while it cleverly mirrors the play – adults trapped below, boys roaming free above – slides up and down and around to giddying effect. But that aside, this is a strikingly simple and affecting telling of the story.

Comedy Theatre, London SW1 (0171-369 1731).

Sponsorship

All the way to the bank

Next week the merged Lloyds-TSB charitable foundations open their cheque books for worthy clients. A massive £13.3m will be available for distribution this year – one per cent of the bank's pre-tax profits – with the money concentrated on community, medical, and educational good causes, what the public understands by charity.

But the arts are in there with a chance. There is hardly an orchestra or theatre in the land that does not undertake outreach work among the disadvantaged, and the various Lloyds-TSB trusts will consider such applications, especially in the educational field. They are also interested in improving historic buildings which can then be used by the community.

The arts world will be relieved to hear that on top of the foundation, Lloyds-TSB still plans to remain one of the biggest arts sponsors in the UK, with an annual budget in excess of £2m.

Lloyds sponsorships, notably the BBC Young Musician of the Year competition and its involvement in fashion, have always been TV orientated, with a careful assessment of the media payback in terms of audiences and on-screen mentions. It is an approach to sponsorship which rival banks seem to be copying.

After years of retrenchment, swelling profits have re-awakened the banks' interest in sponsorship. Last week Barclays announced a £10m involvement in the cinema over the next year, built around a film education programme in schools, organised by All Industry Marketing for Cinema, and discounts on tickets for new customers, which will eat up £5m. Barclays will also "top and tail" the movie trailers in 250 cinemas.

The obvious aim is to reach young cinemagoers who might be on the point of opening a bank account, but Barclays is continuing with its more worthy arts projects, most notably Stage Partners which, in a joint deal with the Arts Council, puts £2m over three years into regional theatre, allowing better funded productions to tour. Currently five plays are set for 28 venues, including Penelope Keith in *Mrs Warren's Profession*. The scheme will shortly be extended to Scotland and Wales at a cost to Barclays of £135,000.

NatWest has cut down its arts spending in recent years, mainly because its separate divisions are now permitted to make sponsorship decisions, but it still reckons to commit around £1m a year. It picked up the RSC small venues tour from BT, but its main commitment is the NatWest Arts prize. The winner gets £25,000, making it the UK's largest painting award, and big enough to attract over 700 entries this year. The winners will be shown in May at the Lothbury Gallery, NatWest's former banking hall in the City which has recently opened as a free public gallery. It is currently showing works from the NatWest's collection of modern art.

Midland, now part of the HSBC, will continue with its Covent Garden Prom season in 1997 – for the 26th year – even though the performances will be at the Royal Albert Hall while the Royal Opera House is refurbished. It will also be sponsoring another anti-racism project, following the tremendous success of the award winning *Kicking Out* play about football.

There is also a big popular culture commitment planned, which will sit easily alongside the Midland's part funding of the ITV Drama Premieres. Last year it spent £2m boosting such productions as *Emma* and *Rebecca*, as well as *Morse* and *Sharpe*. It has signed up again, for £2.4m, and, along with the popular dramas, will help bring to the screen Hardy's *Far from the Madding Crowd* and Stevenson's *Ebb Tide*.

★

There is no doubting the most popular art form for sponsors – art shows in smart galleries. They convey prestige, rarely frighten the horses, and are perfect for corporate hospitality.

Last week the National Gallery enabled Sir Denis Mahon, and the public, to see his unrivalled collection of Italian baroque paintings of the 17th century displayed together for the first time in a grand setting. The unsurprising sponsor is Guinness Mahon. Sir Denis is a great-nephew of the founding Mahon and the private bank, now owned by the Bank of Yokohama, traditionally supports his connoisseurship. It is hosting three parties for clients and prospective clients, and investing under £100,000 in the venture.

On Tuesday the NG opens another exhibition, *London's Monets*. Twenty-five paintings by the artist, scattered around London, are here drawn together, thanks to Merrill Lynch. It is putting up around £50,000, with much of the money going towards an advertising campaign. Also just opened is one of the Tate's re-interpretive shows on Turner, thanks to funding by Magnox Electric. And coming up in October at the National Portrait Gallery after a showing at the Royal Scottish Academy in Edinburgh is *Raeburn*, a major display of 70 works by the Scottish portrait painter, underwritten by Elf Exploration UK.

★

Air Products, manufacturers of gas and helium, is not a large or consistent sponsor of the arts but it recognised an opportunity when it arose. It responded quickly to an approach from Oxygen 107.9 FM, the Oxford based student radio station which was the first of its kind to receive a full ILR licence. For its opening on February 14 Air Products contributed £10,000 in promotional support and offered free advertising on the station to local companies, which proved its most successful mail shot to date. It may now continue the sponsorship.

By coincidence market leader in the industry, BOC, has just announced that it is to continue with its sponsorship of the Covent Garden Festival, worth £600,000 over the next three years. This year's festival, which opens on May 26, includes the European premiere of the long running cult show from San Francisco, *Beach Blanket Babylon*.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Nederlands Kamerorkest: with conductor Hartmut Haenchen and violinist Pjotr Plawner perform works by Mozart; Mar 9

EXHIBITION
De Nieuwe Kerk Tel: 31-20-6268168
● Catharina, the Empress and the Arts; exhibition featuring nineteen old master paintings from the collection of the Russian Czarina Catharina the Great (1729-1796), including works by Titian, Bordone, Rubens, Hals, Jordaens and Rembrandt; to Apr 13

■ BERLIN

CONCERT
Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● Berliner Philharmonisches Orchester: with conductor Wolfgang Sawallisch perform works by Mozart and R. Strauss; Mar 11, 12, 13

■ BONN

OPERA
Oper der Stadt Bonn Tel: 49-228-7281
● Samson et Dalila: by Saint-Saëns. Conducted by Marc Soustrot, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn. Soloists include Lucia Naviglio, Alexej Steblianko and Anooshah Golesorkhi; Mar 8

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Deutsche Kammerphilharmonie Bremen: with conductor Thomas Hengelbrock and soprano Lynne Dawson perform works by Rameau, Ravel and Canteloube; Mar 9

■ COPENHAGEN

DANCE
Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
● La Conservatoire or A Newspaper Courtship: choreographed by August Bournonville to music by Paulli, performed by the Royal Danish Ballet; Mar 10

■ DUSSELDORF

EXHIBITION
Kunsthalle Düsseldorf Tel: 49-211-8996240
● Michail Wrubel - Der russische Symbolist: retrospective exhibition devoted to the work of the Russian Symbolist artist Michail Wrubel (1856-1910); to Apr 13

■ HAMBURG

EXHIBITION
Museum für Kunst und Gewerbe Tel: 49-40-24862732
● Das Geheimnis der Mumien - Ewiges Leben am Nil: exhibition focusing on Egyptian mummys, their role and preparation, and the ways in which they were a source of inspiration to - and sought after by - Europeans from the 17th century onwards. The exhibition also shows how modern research techniques are used to look at the inside of a mummy without destroying the linen wrapping; to Apr 20

■ LAUSANNE

EXHIBITION
Fondation de lHermitage Tel: 41-21-3205001
● Du Greco à Mondrian: exhibition of the private collection of Rolf and Margit Weinberg, consisting of 80 paintings, drawings and objects. On display are works by artists including Toulouse-Lautrec, Seurat, Degas, Cézanne, Gauguin and Picasso; to Apr 27

■ LOS ANGELES

EXHIBITION
Los Angeles County Museum of Art Tel: 1-213-857-6000
● Exiles and Emigrés: 1933-1945: exhibition focusing on the work of 23 painters, sculptors, photographers and architects in exile during the twelve years of Nazi rule. It includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; to May 11

■ MADRID

CONCERT
Teatro Albéniz
● El Yunke, Chano Lobato, Rancapino and El Pele: performance by the flamenco singers, accompanied by pianist Arturo Pavon. Part of the 1997 Festival Flamenco; Mar 8

EXHIBITION
Palacio de Velázquez Tel: 34-1-573-62-45
● Rachel Whiteread: exhibition of work by the British sculptor and winner of 1993's Turner Prize. Featured works include 'Ghost', 'Room' and '100 Spaces'; to Apr 21

■ MILAN

CONCERT
Teatro alla Scala di Milano Tel: 39-2-88791
● Marco Rizzi and Alessandro Maffei: the violinist and pianist perform works by Mendelssohn, Stravinsky, Schubert and Brahms; Mar 10.

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● The Chamber Music Society of Lincoln Center: with conductor David Shifrin, flutist Ransom Wilson and violinist Ani Kavafian perform works by Schumann and Mendelssohn; Mar 9, 11

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Aida: by Verdi. Conducted by Charles Mackerras, performed by the Metropolitan Opera. Soloists include Sharon Sweet, Dolora Zajick and Michael Sylvester; Mar 10

■ PARIS

CONCERT
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● Jean-Philippe Collard: the pianist performs works by Ravel and Scriabin; Mar 9

OPERA
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Carmen: by Bizet. Conducted by Gary Bertini, performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Franck Ferrari, LeRoy Villanueva and Peter Coleman-Wright; Mar 11

■ STOCKHOLM

EXHIBITION
Moderna Museet - Museum of Modern Art Tel: 46-8-6664250
● Picasso and the Mediterranean: exhibition examining the influence of Classical Greek visual arts and mythology on Picasso's work. Comprising approximately 200 works by the artist, dating from 1906-1960, the exhibition includes paintings, sculptures, graphic works and ceramics. There are also Cycladic, Mycenaean, archaic Greek, classical Greek, Iberian, Etruscan and Greco-Roman works displayed; to May 18

■ STRASBOURG

CONCERT
Théâtre Municipal de Strasbourg - Opéra du Rhin Tel: 33-388 75 48 00
● Les Fêtes d'Hébé: by Rameau. Conducted by William Christie and performed by Les Arts Florissants. Soloists include Maryseult Wieczorek, Sophie Deneman, Paul Agnew and Jean-Paul Fourchecourt; Mar 10

■ TEL AVIV

OPERA
The Opera House Tel: 972-3-6927777
● Cavalleria Rusticana: by Mascagni. Conducted by Bertrand de Billy, performed by the New Israeli Opera. Soloists include Vladimir Braun, Ute Trekel Burckhardt and Jon Frederick West. The programme also includes a performance of 'Il Pagliacci' by Leoncavallo; Mar 7, 8, 10, 11

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands. **Tel: 31 20 664 6441. E-mail: artbase@pi.net**

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17.30
Financial Times Business Tonight

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08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

FINANCIAL TIMES
Friday March 7 1997

Financial deregulation could start next year

Japan may bring 'big bang' forward

By William Dawkins in Tokyo

Japan's largest stockbroker Nomura Securities has admitted "apparently irregular" payments to a corporate investment client, though it declined to give details of the customer.

However, a report on the national television network NHK alleged the client was a property development company run by a relative of the head of a gang of corporate extortionists.

Mr Hideo Sakamaki, Nomura's president, could now face pressure to resign. Nomura admission, Page 17

Japan's ruling Liberal Democratic party is drafting proposals for most of the "big bang" deregulation of the Tokyo financial markets to be completed by next year, rather than gradually by 2001 as planned.

Financial analysts in Tokyo say the faster timetable is unrealistically ambitious but that it confirms that the abolition of barriers between banking, stockbroking and insurance companies, and the end of fixed commissions on all kinds of financial transactions has won wide political backing.

However, the finance ministry, which stands to lose much of its influence under the reforms, would only have to request further discussion to create enough delay to restore the original deadline.

The draft, by the party's influential administrative reform panel, is still under discussion for completion just before the government finalises its financial deregulation plans by the end of the month.

The big bang programme was launched by Mr Ryutaro Hashimoto, prime minister and president of the LDP, last November, with the apparent support of a formerly reluctant finance ministry. Loosely modelled on the UK's 1986 financial big bang, it aims to boost the sophistication and size of Tokyo's financial markets to the level of London and New York.

But the level of support for the issue from Mr Hashimoto's own party has not been clear. "The significance of this is that the LDP wishes to associate itself with something that is going to happen anyway and take credit for it," said Mr David Threadgold, financial analyst at BZW in Tokyo.

The proposals call for full liberalisation of commission on securities transactions from April 1998, a year earlier than the finance ministry had planned. Professional barriers between different classes of financial business would be eliminated during the fiscal year starting April 1998.

The draft also urges an end to securities transaction taxes – long sought by stockbrokers but opposed by the finance ministry – from the start of the same fiscal year and proposes allowing banks to sell investment trusts over the counter.

It suggests new securities companies should have to register with the authorities from early next financial year – rather than obtain a licence as now – and proposes the introduction of individual stock options, currently banned in Japan.

It also suggests one step towards resolving the financial strains on the pension system. The system is currently unable to earn enough investment income to cover future liabilities, which have been swollen by the ageing population.

The draft proposes that corporate pension funds should be permitted to offer new contributions plans, from 1999, under which individuals' pension benefits would be linked to contributions and investment performance, rather than fixed as now.

Wal-Mart officials lose sleep over Cuban pyjamas

By Bernard Simon in Toronto

A pair of cheap, polyester-cotton men's pyjamas has triggered the first clash between a US company and a foreign government over the enforcement of US sanctions against Cuba by third countries.

An observant shopper in Winnipeg, Canada's prairie grain centre, noticed that a branch of Wal-Mart, the big Arkansas-based discount retailer, was selling pyjamas made in Cuba, apparently in contravention of the long-standing US trade embargo against Havana.

No sooner had the shopper complained to a TV station than Wal-Mart rushed to pull the C$12.96 ($9.40) long-sleeved pyjamas from all its 135 outlets across Canada. "We removed them while we looked into the matter," Wal-Mart said yesterday.

But withdrawing the pyjamas may give Wal-Mart officials more sleepless nights than stocking them.

Canada's foreign affairs department has referred Wal-Mart's action to the justice department for a decision whether to prosecute. "It's very simple," a foreign affairs official said. "We expect Canadian companies to respect Canadian law."

The US group, which is the world's biggest retailer, may have acted too hastily.

The Helms-Burton law, passed by the US Congress last year, seeks to punish foreign companies and individuals "trafficking" in former US property in Cuba confiscated by the Castro government.

But the law's extra-territorial provisions apply only to companies using property and equipment in Cuba claimed by US nationals.

Unless the pyjamas were made in an expropriated factory, Wal-Mart stores in Canada appear to be breaking neither US nor Canadian law by stocking them.

Amendments to Canada's Foreign Extraterritorial Measures Act came into force in January in response to Helms-Burton.

Under these, Canadian companies (including foreign subsidiaries) are barred from complying with US laws that seek to enforce sanctions against Cuba.

Penalties include a jail term and fines of up to C$1.5m.

The European Union recently called for a World Trade Organisation disciplinary panel to investigate Helms-Burton, but the US has so far refused to co-operate.

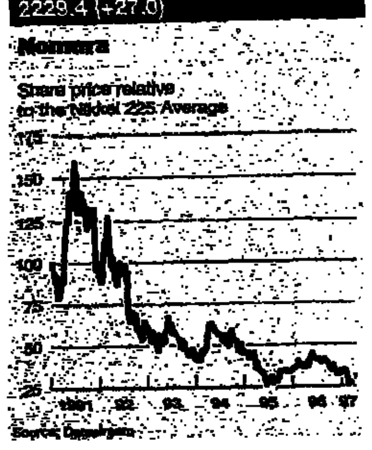
Canada has threatened to convene a dispute settlement panel under the North American free trade agreement.

THE LEX COLUMN

Japan's big bung

News that Nomura Securities appears to have been making illegal payments to a group of corporate racketeers comes at an awkward time for Japan. The government is in the midst of an ambitious reform programme to turn Tokyo into a competitive financial centre. Only yesterday, the ruling Liberal Democrats suggested bringing forward many of those reforms – such as the abolition of fixed stockbroking commissions and removing barriers between banks, insurers and securities houses – from 2001 to 1998. That may turn out to be unrealistic, since the influential finance ministry is likely to drag its heels. But, coupled with moves to give more independence to the Bank of Japan, it shows the reforms are gaining broad political support.

FTSE Eurotrack 200: 2229.4 (+27.0)



This will not do much good, however, if public confidence in the financial system keeps on being undermined. This is the second time in six years that Nomura, Japan's largest stockbroker, has been linked with *sokaiya* – cousins of the *yakuza* gangsters – who extort bribes from companies in return for not disrupting annual meetings or embarrassing executives. Such scandals, on top of the hangover from the bubble years, explain why only 3 per cent of Japan's Y1200bn of personal savings are invested in shares. Japan must stamp out these dubious practices and attract retail funds into equities if it wants to revive the stock market and start to tackle its horrendous pension problem.

GEC-Alsthom

Framatome's privatisation may not be as prominent as Thomson-CSF's, but French pride stands in the way of a rational solution for the nuclear power engineering group just as much. The ideal goal, on which all parties are agreed, is to merge Framatome with GEC-Alsthom, the conventional power engineering and transport group jointly owned by Britain's GEC and France's Alcatel Alsthom. The snag is that the government is insisting that French interests continue to control Framatome after a merger, but GEC understandably does not want to be reduced to a minority.

The puzzle looks insoluble, as long as one thinks of GEC-Alsthom as an indissoluble entity. But what about splitting GEC-Alsthom into its component parts? Its power generation and transmission divisions could be given to Alcatel and merged with Framatome, satisfying the government's desire for French control. The rest – a railway equipment, shipbuilding and industrial business – could be handed to GEC. GEC-Alsthom's £2bn of net cash could also be shared out. As well as solving the Framatome problem, such a division of spoils would give both GEC and Alcatel greater strategic freedom. GEC could then, say, cut a deal with Ansaldo, Finmeccanica's transport arm – building on their agreement to explore links in defence. There is one fly in the ointment. GEC would end up controlling France's *train à grande vitesse*, its beloved high-speed train. Gallic pride might find that hard to swallow.

Glaxo Wellcome

Glaxo Wellcome has gone into the forecasting business. The drug group's management yesterday predicted a worst-case scenario of two years of flat earnings, followed by a return to double digit sales growth and "significant" earnings increases from 1999.

The first part of the message is no surprise. US patent expiries on Zantac and Zovirax, two of its biggest medicines, will cost the group the best part of £1.3bn of sales – 15 per cent of group turnover – over the next 18 months. Coupled with a 2 per cent decline in margins as spending rises on product launches, it will be lucky to maintain profits. There is a small chance that a favourable court ruling on the Zantac patent could help to slow down the start of full competition. But investors should not bet on it.

The bigger question is how rapidly Glaxo will accelerate away again in 1999. Management's optimism on this count is heartening and recently-launched migraine, Aids and asthma drugs are all performing well. The group also has a promising pipeline with treatments for diabetes, hepatitis and flu. In 1999, therefore, Glaxo could be looking attractive indeed. By contrast, several US rivals, Astra and SmithKline Beecham will all be facing looming patent expiries. Meanwhile, its shares are 20-30 per cent cheaper than those of its peers. And investors should bear in mind that a drug group's stock tends to underperform in the run-up to a big patent problem, only to outperform once it hits.

BTR

No news is good news at BTR hence the 3 per cent rise in its shares on the announcement of yesterday's profit figures. But underneath the profit declines and management caution, there is evidence that one of Britain's notable recent corporate casualties may be on the mend. A year into his job as chief executive, Mr Ian Strachan has brought new blood to what has been a disturbingly inbred board. He has cut the dividend to a level where the group can generate more than enough cash to fund a more aggressive capital investment programme. And he has weeded out several less attractive businesses.

The benefits from these moves remain distant. But given the amount of restructuring provision BTR took last year, delivering growth in 1997 ought not to be too challenging. After all, last year's performance was held back by problems with a new US automotive facility, strikes in Australia and the impact of poorly-performing acquisitions. Moreover, the rate of sales growth from continuing businesses has picked up to 7 per cent – very important for a group trying to move away from the mantra of enhancing margins at any cost.

Problems remain, such as the South African tyre business, and there are clearly many weak businesses still to be sold. But BTR shares are trading at a 25 per cent discount to the market's prospective price/earnings ratio. With expectations this low, it is hard to imagine that the recent restructuring cannot deliver some pleasant surprises.

See additional Lex comment on Ladbroke, Page 1

Yeltsin in fighting comeback

Continued from Page 1

reshuffle which Moscow rumours suggest will bring Mr Anatoly Chubais, the controversial Kremlin chief of staff, back into ministerial office.

Officials have been hinting that Mr Chubais – an administrative dynamo who spearheaded Russia's mass privatisation – would be named sole first deputy prime minister in charge of economic issues, with his proteges put in charge of the key economic ministries. This would, in effect, make Mr Chubais Russia's economic tsar, with more direct influence over economic policies than even Mr Victor Chernomyrdin, the prime minister.

At a cabinet meeting, the premier tried to defend his government's performance, pointing out that in January the country's gross domestic product had risen slightly for the first time in a decade.

Giving Mr Chubais a top cabinet position would delight western observers but could alienate Russia's communist opposition and much of the populace, which blames him for the hardships of the transition to a market economy.

EU fails to move on 'millennium bomb'

By Alan Cane in London and Emma Tucker in Brussels

Britain yesterday failed to stir its European partners into immediate action over the "millennium bomb", the inability of many computer systems to cope with the date change at the end of the century.

Addressing the European Union Telecommunications Council, Mr Ian Taylor, UK science and technology minister, raised for the third time in a year the dangers to business and society posed by the bomb which will affect computers old and new.

But while Mr Martin Bangemann, EU industry and telecoms commissioner who chaired the meeting, said he accepted the gravity of the issue, members of the council showed only lukewarm interest. "You could deduce that nobody else sees it as a problem," a council official said.

Mr Taylor has taken a lead in attempting to stimulate interest in the problem, which could cause a wide range of systems from hospital equipment to supertankers to malfunction after 2000. He wrote to Mr Bangemann warning that if European companies failed to deal with the bomb, normal commercial communications could collapse.

He wrote: "These include simple invoicing, the delivery of components to manufacturing industry and, equally important, the increasing number of financial and commercial transactions carried out by electronic data interchange which the Commission has done much to support."

The UK minister also raised the threat to the free movement of goods and services if governments which have ensured their systems are millennium-compliant refused to deal with faulty systems.

The issue has been pushed to the fore this week with the realisation that the bomb affects not only old computers but also new systems and personal computers.

US companies are taking the issue seriously with more than a third already taking steps to correct faulty systems. Large companies in the UK such as Shell and British Telecommunications are well advanced with correction programmes but few companies in mainland Europe have started to deal with the problem.

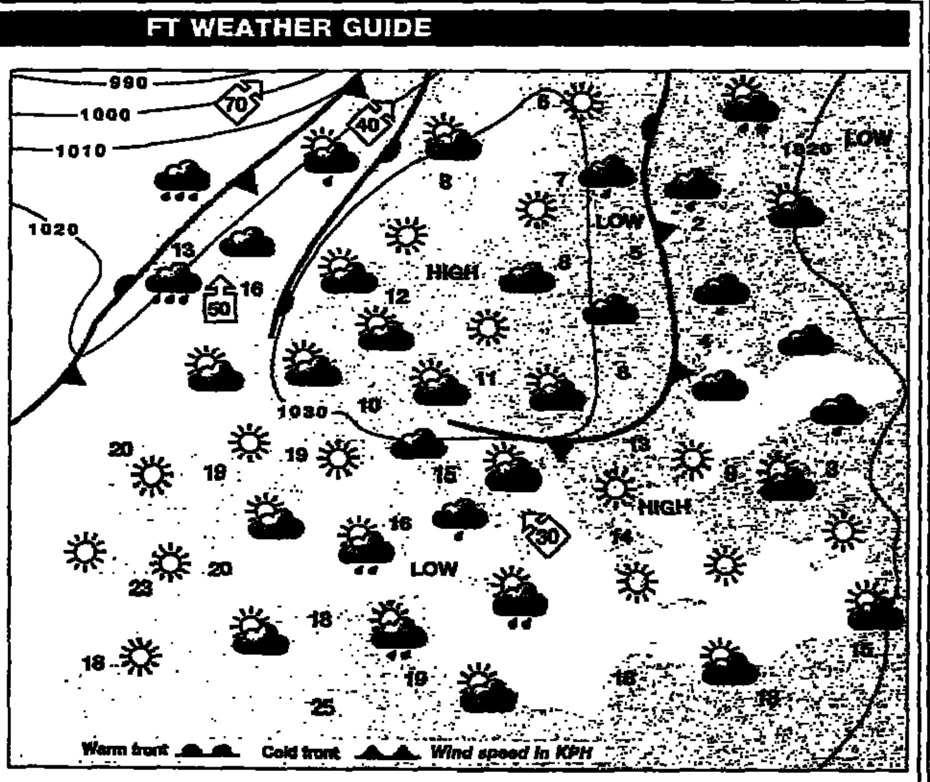
FT WEATHER GUIDE

Europe today

Western Europe will be mostly sunny, except for southern France and parts of the Benelux. Northern parts of the UK will have rain, but winds will decrease. England will be mainly sunny during the day. Cloud, which produced snow in the northern Alps, will clear gradually, making way for sunshine in northern Germany and southern Scandinavia. Italy will have scattered showers, especially in the south. A cold front across eastern Europe will cause showers around the Black Sea and some snow in Russia. The Baltic region and the eastern Mediterranean will be sunny and dry.

Five-day forecast

With high pressure continuing, Europe will be mainly dry. Disturbances will be confined to Scandinavia and the Mediterranean. Western Europe will generally be milder with a widespread thaw in the Alps. Eastern Europe will turn milder as well.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	sun 11	Caracas	sun 28	Faro	sun 20	Madrid	sun 21	Rangoon	sun 36		
	Celsius	Belfast	rain 12	Cardiff	fair 12	Frankfurt	fair 12	Majorca	cloudy 17	Reykjavik	snow -1		
Abu Dhabi	sun 30	Belgrade	sun 13	Casablanca	fair 18	Geneva	sun 12	Malta	fair 17	Rio	fair 27		
Accra	fair 32	Berlin	sun 10	Chicago	cloudy 1	Gibraltar	sun 19	Manchester	fair 14	Rome	shower 16		
Algiers	fair 18	Bermuda	shower 20	Cologne	fair 13	Glasgow	rain 12	Manila	cloudy 32	S. Frsco	fair 16		
Amsterdam	sun 12	Bogota	fair 22	Dakar	fair 33	Hamburg	sun 12	Melbourne	shower 27	Seoul	sun 9		
Athens	fair 14	Bombay	sun 32	Dallas	cloudy 20	Helsinki	sun 6	Mexico City	fair 25	Singapore	cloudy 32		
Atlanta	sun 18	Brussels	fair 13	Delhi	sun 29	Hong Kong	fair 21	Miami	fair 27	Stockholm	sun 8		
B. Aires	sun 27	Budapest	sun 10	Dubai	sun 29	Honolulu	fair 27	Milan	sun 17	Strasbourg	sun 13		
B.ham	fair 14	C.hagen	fair 7	Dublin	rain 13	Istanbul	fair 9	Montreal	snow -3	Sydney	fair 25		
Bangkok	sun 37	Cairo	sun 18	Dubrovnik	fair 16	Jakarta	cloudy 29	Moscow	cloudy 2	Tangier	sun 20		
Barcelona	fair 16	Cape Town	sun 24	Edinburgh	rain 13	Jersey	fair 11	Munich	fair 8	Tel Aviv	sun 16		
						Karachi	fair 30	Nairobi	sun 30	Tokyo	fair 16		
						Kuwait	fair 24	Naples	fair 15	Toronto	cloudy -7		
						L. Angeles	fair 21	Nassau	fair 27	Vancouver	rain 10		
						Las Palmas	fair 22	New York	fair 4	Venice	sun 15		
						Lima	sun 30	Nice	sun 19	Vienna	fair 11		
						Lisbon	sun 22	Nicosia	fair 17	Warsaw	sun 10		
						London	fair 16	Oslo	fair 6	Washington	sun 9		
						Lux.bourg	fair 10	Paris	fair 14	Wellington	shower 18		
						Lyon	sun 10	Perth	fair 27	Winnipeg	fair -6		
						Madeira	fair 19	Prague	sun 9	Zurich	sun 9		

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday March 7 1997

Should Emu be delayed?

When the German economy sneezes, Europe catches a cold. This year, however, the worry is not just about the European economy, but about the timetable for economic and monetary union. Even postponement is in the air. But that would prolong the period in Emu purgatory and undermine the project's credibility. It should not be contemplated lightly.

Serious reasons for postponement might indeed be found. Among the most potent is that Emu is in danger of becoming the scapegoat for Europe's current economic ills, particularly high unemployment. But that is not why the notion is being considered. It is, instead, that in this crucial year one important state, Germany, may fail to meet the narrowest definition of the fiscal deficit criterion by a few tenths of a percentage point.

On the face of it, this seems a risible reason for postponement. Nobody would suggest that the German currency is itself unsound because an unexpectedly weak economy might bring the fiscal deficit above 3 per cent. The attempt to gauge a country's eligibility for so long-term a project by its ability to achieve a cyclically unadjusted general government deficit of 3 per cent in a single year seems quite mad.

Yet the concern about Germany's deficit does make a certain sense. The problem is the German public's anxiety about losing its beloved D-Mark. That anxiety has a focus: the Mediterranean countries, particularly Italy. The unstated purpose of the criteria was to ensure that these countries would be kept out, at least initially. But this looks increasingly difficult now that they have achieved striking improvements in their fiscal positions.

If Italy is to be kept out, it may only be by insisting on a narrow interpretation of the wording of the criteria. If Germany itself failed to meet those criteria, its bargaining position would, it is feared, collapse. If the alternatives were no start to Emu in January 1999 or a start with virtually everyone, the German government may be forced to choose the former, willy nilly. The alternative could be an uncontrollable domestic political revolt.

The first response to these worries is that the treaty itself says that a different date for the start can be set any time before the end of 1997. It is unnecessary to decide before then. The second is that whether Germany fails to meet the 3 per cent deficit figure this year is uncertain and, if it does, it may be by only a very small margin.

The third and most important is that even then all need not be lost. Italy could perhaps be persuaded that there would be no Emu at all if it insisted on joining in the first wave. But once Emu started it would be impossible to keep it out, provided it kept to its current fiscal course for another year or two. Such a short period as a "pre-in" would seem a modest price for so long desired a prize.

A long-term project that has formed the goal of such prolonged effort should not be postponed for the silliest of short-term reasons. A German fiscal deficit this year of, say, 3.4 per cent of GDP would be just such a reason. German and other European leaders should work to ensure that this is not why Emu fails to start on time.

Sportsbiz

Sport is becoming a global industry in its own right. Scarcely a day goes by without a demonstration of the world's new intoxication with sport, as spectacle, leisure pursuit, political phenomenon and money-making opportunity. But the change brings risks to participants, investors and society.

The revolution in sports stems from the proliferation of subscription or pay-per-view television channels. It is enriching clubs and players as well as bringing sports events to more viewers. It is creating a virtuous circle where investment creates improved facilities and better training opportunities, in turn generating more spectators, participants and revenues.

And vice versa. Sport exerts a staggering pull for business: from the builders of communications and entertainment empires – Rupert Murdoch has called sport his "battering ram" for pay-TV – to promoters of global brands. By signing a sport, a TV network can change its prospects overnight; by murmuring the name of a mundane product, a popular sportsman can transform its sales.

How far can all this go? In some of the more extravagant claims for the power of sport, there are signs of hubris.

Two dangers suggest themselves. One is that the new moguls of sport will become greedy and forget its function in the lives of nations and their citizens. That could generate a backlash from pay-TV have-nots or a revolt against tacky commercialism. The recent furore over the Italy-England soccer match offers a warning on the former score; last summer's Atlanta Olympics on the latter.

The other risk is of losing sight of the fundamental purpose of sport: to entertain participants and spectators alike. Success stories – as in the best of Europe's soccer teams – spring from a tradition of pleasing the crowds. When dullness sets in – televised snooker, say, or artificial made-for-TV sports – no amount of airtime or sponsorship will save the day.

Slaughter MAFF

The sight of Mr Douglas Hogg, the agriculture minister, once more at the Commons despatch box accounting for yet another failure by the Ministry of Agriculture, Fisheries and Food, makes it time to declare that enough is finally enough.

Not so much for the hapless Mr Hogg, whose time in the post cannot possibly outlast the general election, but for the ministry itself. Over the past decade it has presided over a catalogue of bungles and blunders: salmonella in eggs, listeria, the great BSE disaster, E-coli, and now a report on hygiene standards in slaughterhouses which – until this paper reported it yesterday – had not seen the light of day.

Mr Hogg's protestations yesterday that it was referred to in the Meat Hygiene Service's annual report and that anyone could have asked for it do not wash. This was a report of sufficient public import to be placed in the public domain, not left for sleuths to discover.

That ministers themselves appear not to have seen it, only speaks further volumes about the mindset of MAFF. The Meat Hygiene Service may be a recently created agency of the department – one that took over local government meat inspection in 1995. But already it has been infected with the ministry's virus. It consulted the industry quietly (though ineffectively, given the industry's apparent lack of knowledge of it yesterday). But it did not tell the public. As has happened so often in the past, the agency followed the ministry's lead, putting the interests of producers ahead of consumers' knowledge.

MAFF now is like nothing so much as a failing school, which having had the inspectors in time and again, is failing still. It should be closed down.

MAFF's functions, broadly, are four-fold: food safety, promoting the industry, involvement with the environment and dealing with the awesome intricacies of the Common Agricultural Policy. That carcass of often conflicting interests should be dismembered. The Department of Trade and Industry should take over the industry interests. The CAP payments should move to the Treasury and MAFF's interests in flood and coastal defence, in forestry, woodland and other green issues can be taken to the Department of the Environment.

That would leave food safety to be run by a newly created agency, with a separate board, answerable to ministers at the Department of Health whose interest would be the public health, not food production: a body responsible for inspection and enforcement and able to propose legislation on food standards, quality and consumer information.

Such a break-up could provide the breakthrough for food safety in the UK. Any incoming government with a claim to be radical would do well to consider it.

A mark of weakness

Record unemployment figures in Germany have added to the doubt over the Emu timetable, say **Lionel Barber** and **Peter Norman**

Mr Hans Tietmeyer, president of the Bundesbank, confessed this week that Germany was no longer the model economy in Europe. That honour belonged to the Netherlands.

Since Mr Tietmeyer has rarely shied away from lecturing other countries on the need to follow German-style monetary discipline, his remarks suggest a new humility about Germany's economic prospects and, implicitly, its participation in economic and monetary union.

The record unemployment figures in Germany released yesterday raise a new question about Emu: will the project be delayed because of German weakness rather than German strength?

Although the number of people out of work in Germany in February fell short of the psychological barrier of 5m, the slight rise – by 13,600 to just over 4.67m – still leaves unemployment at its highest level since the 1930s. The risk of Germany overshooting the Emu public deficit limit of 3 per cent of gross domestic product this year no longer looks fanciful.

That Europe's economic powerhouse should find itself in such desperate straits is not only a shock to the German government, but also to the rest of Europe which knows that Germany's participation in Emu is indispensable if the single currency is to go ahead on schedule on January 1 1999.

German ministers are still declaring doggedly that Emu will go ahead on time and that Germany will be at the start line. But they are also sending a slightly different message: Emu will start on time *provided* Germany meets the criteria.

Thus, Mr Theo Waigel, Germany's finance minister, has confirmed that the criteria are more important than the calender. His budget deficit slogan – "3 per cent is 3 per cent" – was once intended to reassure the German public that Italy and other weaker southern economies would not creep into the Emu club via the back door; now it leaves the Bonn government no room for manoeuvre regarding its own entry terms.

A year ago, the balance of power in Europe looked very different. France, not Germany, was on the defensive. A wave of strikes threatened to topple the Gaullist-led coalition government led by Mr Alain Juppé. President Chirac's commitment to Emu-driven fiscal austerity looked shaky, especially viewed against persistently high unemployment.

Today, the jobless total in France is still more than 12 per cent, higher than Germany. But France, curiously, has recovered its bounce. Some point to strong profits announced recently by Alcatel and Rhone Poulenc, two corporate bellwethers for the economy, as the biggest boost to confidence.

Others suggest the centralised French government has a tighter grip on public finances than the German federal government, and that Paris is confident it will hit the 3 per cent deficit target, with or without creative accounting. "The French will sell the Eiffel Tower to the Americans if they need to raise the money," jokes one Brussels official.

By contrast, the surge in German unemployment has punched a hole in the public finances which cannot be plugged with one-off measures. Every 100,000 extra jobless costs the federal labour office about DM3bn a year in benefits and lost contributions.

Last January, the government forecast that Germany would hold its 1997 deficit to 2.9 per cent, assuming that unemployment over the year would average around 4.1m.

Even if last month's seasonally adjusted jobless total of 4.32m is a more accurate guide to the underlying state of the labour market than the 4.67m headline figure, the data released yesterday suggest Germany's jobs crisis could add substantially to planned public spending this year.

At the same time, tax revenues are running below expectations. Last year ended with a DM5bn shortfall. Reports from German regions suggest the negative trend is continuing. In Bavaria, tax revenues are down 2.5 per cent in the first two months of the year compared with a 2.9 per cent forecast rise. Last week, in Lower Saxony, the state government imposed a selective spending freeze this year and next to offset falling revenues.

Inevitably, the economic insecurity has rekindled doubts about the single currency project among the German public, two-thirds of whom have regularly signalled in polls that they remain unconvinced of its merits.

Until recently most observers have assumed that the German public would follow its leaders, notably Chancellor Kohl who sees Emu as a vital building block in a more united Europe embracing a bigger, unified Germany. Cracks in this hypothesis are appearing, and could widen ahead of the parliamentary elections in October 1998.

Mr Gerhard Schröder, the Social Democrat prime minister of Lower Saxony and a potential candidate for chancellor, favours delay. Last week, Mr Klaus Wiesehügel, leader of the IG Bau construction workers, broke with the long-established trade union consensus and urged a delay on the grounds that the Maastricht criteria were the "biggest handicap" for unemployment in Europe.

The question is whether other forces hostile to Emu will begin to make the same link between Maastricht discipline and unemployment. Two years ago, this seemed possible, especially in France where Gaullists such as Mr Philippe Séguin regularly denounced the project, and the Socialist party also voiced reservations.

Trade unions across Europe have taken to the streets against public spending cuts. But the popular backlash against Emu, so far, has been less striking than the success of governments in pursuing fiscal consolidation, especially in Italy, Spain and Portugal where political leaders have staked their reputations on meeting the Maastricht criteria.

Yet the very determination of the "Club Med" countries to join Emu's first wave has created a dilemma which goes to the heart of the debate about the single currency being conducted on two levels in Europe today.

The first involves the daily mantra that all will become clear in spring 1998 when EU leaders select Emu members on the basis of their reading of the Maastricht treaty, supported by recommendations from the European Commission and the European Monetary Institute, precursor of the European Central Bank.

The second level involves the independent professionals in business and the central banks. Their fear is that, if countries without a record of sound public finances and exchange rate stability join Emu early, the European Central Bank and the euro's stability could be fatally compromised.

As the deadline for Emu draws closer, the need to reconcile these two approaches is becoming more acute. This means deciding whether to go ahead with a broad-based Emu on political grounds, or a narrow bloc covering Germany, Austria, Benelux and France, or whether to opt for a delay – with unpredictable consequences.

Financial markets – which have been marking down Italian and Spanish bonds – and the British government have begun to sniff delay in the air. But the view among senior EU policymakers, including in Germany, is that a decision to postpone makes no sense at present.

First, there is a Micawber-like faith that the European economy will turn up trumps this year. The European Commission predicts at least 2.3 per cent growth in 1997, boosting tax revenue and reducing deficits.

Second, governments still have time to take extra measures to trim their public deficits. Italy, for example, is planning a mini-budget in the next few weeks to cut the planned 3.7 per cent deficit for 1997 to exactly 3 per cent.

Third, the fifth cavalry is on hand in the shape of a strong dollar, helping European exports and hence economic growth. In spite of the D-Mark's decline of almost 10 per cent against the dollar in the past year, the US Treasury appears to have contained its scepticism about Emu, seeing the present currency alignment as one of the few stimuli to growth in Europe.

"If Emu goes ahead," says Mr David Hale, chief economist at Zurich Kemper Investment, "they should put Bob Rubin's [US treasury secretary] head on the new euro notes."

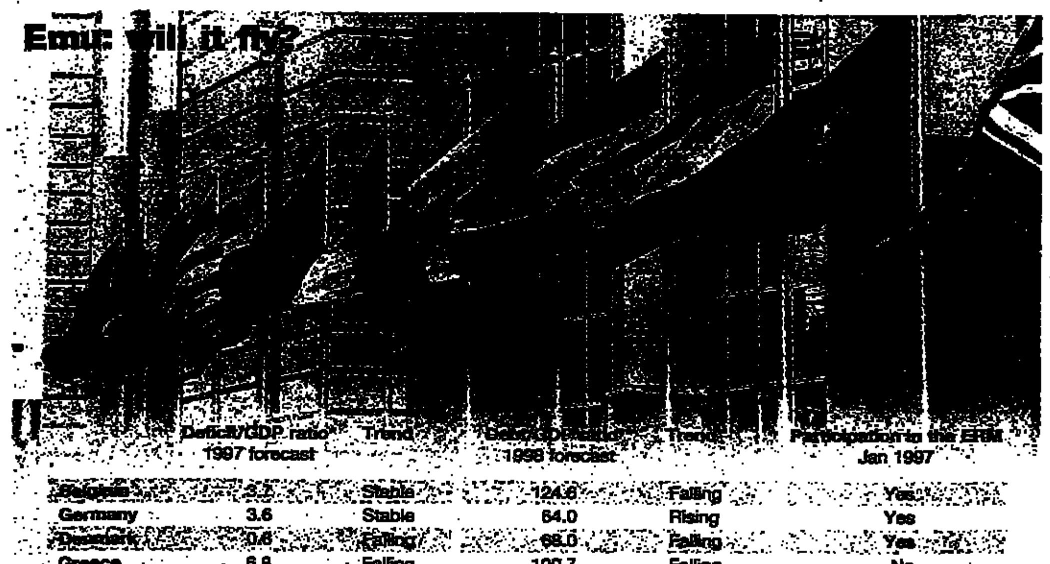
A final decision on whether to go ahead with Emu will have to be taken, at the latest, by the end of the year. By that time, EU leaders will have a good idea of whether they have done enough in 1997 to meet the Maastricht targets, while other budgetary measures should be in place to show "sustainable convergence" for 1998.

This "wait-and-see" timetable will not prevent second-guessing in the financial markets over whether Emu will go ahead and which countries will qualify. Nor will it resolve another political dilemma in Emu: how to avoid snubbing countries with fragile governments which have used Emu as the essential "political cover" to usher in long-delayed structural economic reform.

In the end, everything turns on Germany. Chancellor Kohl's refusal to declare his candidacy for next year's election has done nothing to quell speculation about his intentions should a delay to Emu become inevitable. Such a retreat would be a wrenching defeat for the man who unified Germany and is looking to his place in history. But it would be wrong, says a confidant of Mr Kohl, to assume he will press ahead with the single currency whatever the cost.

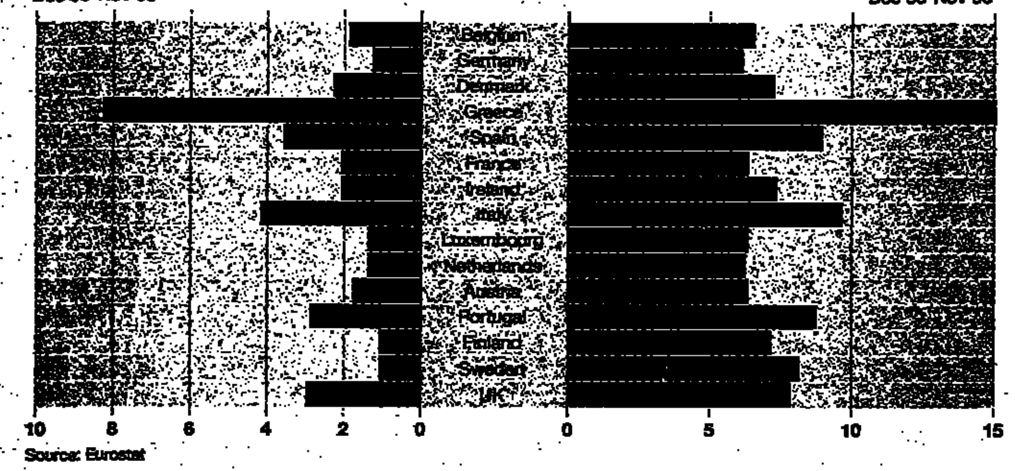
Exchanging the strong D-Mark for an unsound euro would spell the end of the Christian Democrat party in the eyes of German voters. That is a price even Mr Kohl is not prepared to pay.

Emu: will it fly?



	Deficit/GDP ratio* 1997 forecast	Trend	Debt/GDP ratio** 1998 forecast	Trend	Participation in the ERM Jan 1997
Belgium	3.1	Stable	124.6	Falling	Yes
Germany	3.6	Stable	64.0	Rising	Yes
Denmark	0.6	Falling	68.0	Falling	Yes
Greece	6.8	Falling	100.7	Falling	No
Spain	4.7	Falling	69.2	Rising	Yes
France	3.7	Falling	57.7	Rising	Yes
Ireland	2.6	Stable	71.0	Falling	Yes
Italy	6.4	Falling	120.4	Falling	Yes
Luxembourg	(0.5)	Stable	8.8	Stable	Yes
Netherlands	2.7	Falling	75.7	Falling	Yes
Austria	3.2	Falling	74.7	Rising	Yes
Portugal	4.2	Falling	66.3	Falling	Yes
Finland	1.2	Falling	60.2	Stable	Yes
Sweden	3.1	Falling	75.8	Falling	No
UK	3.1	Falling	56.3	Stable	No

Sources: OECD, Luxembourg figures are for 1997 from Deutsche Bank *Maastricht target is 3% **Maastricht target is 60%



Source: Eurostat

OBSERVER

All black and blue

■ New Zealanders are usually such a mild-mannered bunch, so it's difficult to know what came over deputy prime minister and treasurer Winston Peters on Wednesday night.

The leaders of two opposition parties say they saw Peters – who appeared to be the worse for wear – assault fellow coalition MP John Banks.

Peters, who has played a pivotal role in politics since his New Zealand First party formed a coalition in December with Jim Bolger's National party, apologised to parliament yesterday morning. He denies he was drunk and says that all he did was grab Banks's shoulders during a heated exchange. "I'd had a drink like most people here do at that time of the night," he told national television.

While Banks has accepted the apology, he also told interviewers that Peters should "seek counselling". The two opposition witnesses – Alliance party leader Jim Anderton and Richard Prebble – want to go further; they have asked parliament's speaker to look into the affair.

But whatever the speaker decides, Peters could come off worst as a result of the fracas. His coalition government needs Banks's vote in order to maintain its one-seat majority.

Close to home

■ Pity poor Jean Tiberi, the mayor of Paris, who seems unable to divert attention from allegations of corruption and mismanagement. First there's the question of a report of dubious quality written by his wife for a fee of FFr200,000; then there's the system by which Paris politicians distributed luxury apartments at below market rents.

The mayor thought he could get away from the fuss at a recent seminar designed to attract international companies to Paris. As part of a glowing endorsement of the city as a business location, however, an innocent Sony executive pointed to one big drawback: the difficulty – to a sharp intake of breath from the mayor and his entourage – of getting hold of decent accommodation.

Sharing Credit

■ Early days yet, but those who witnessed this week's first public outing by Lukas Mühlemann, Credit Suisse's expensive new chief executive, thought it left something to be desired. He clearly gets on very well with Mr Rainer Gut, Credit Suisse's imperious chairman, but like most management consultants he seems happier with the big ideas than with the fine detail.

Credit Suisse boasts one of the world's biggest private banking operations and Mühlemann has set it a target of earning between 40 and 50 basis points on funds under management. A relatively meaningless target, since he doesn't seem to know the size of managed funds involved in the second most profitable bit of his new empire.

He's also proud that Credit Suisse's staff is now the group's biggest shareholder, suggesting that far from being demoralised by constant reorganisations, they're jolly confident about the group's future. So how much of the equity do they own? Mühlemann thinks it's between 3 per cent and 4 per cent; his boss thinks it's more like 7 per cent. The devil is in the detail, as they say.

Yen for less

■ It is an odd fact of Japanese life that wealth and power tend to be shared out in inverse proportions. Bank of Japan governor Yasuo Matsushita, is about to discover as much.

On the one hand his clout is about to increase; the Liberal Democratic party government is preparing to give the central bank more autonomy and reduce political interference in setting interest rates. Legislation is due in the next few months.

But two influential LDP panels yesterday recommended that Matsushita should get a pay cut. The politicians say the BOJ governor should earn no more than the prime minister – just under Y45m ($371,900) a year. You don't need to be a central banker to work out that that amounts to an 18 per cent drop from the Y55.3m which he was paid in the year to March 1996.

There is nothing strange about this in a society where clout and money tend to be kept separate; you can't have both, at least not in polite society. Some say this helps ensure the incorruptibility of Japan's powerful bureaucrats. Even so, it's tough at the top.

Taking stock

■ In Poland to help a mining company update its IT, freelance software designer Steve Dunne was using a translator to instruct the Polish programmer. To make quite sure there were no misunderstandings, Dunne got the translator to read back what the Pole was inputting. All went well until they reached the term "stocktaking" – which was merrily rendered into Polish as "warehouse theft". Not that far out, come to think of it.

The Financial Times

50 years ago

Malay Rubber Estates
Singapore, 6th March: Only two big strikes are still in progress in the Central Kedah planting districts. The Indian labourers on the Tonghurst Estate on South Kedah returned to work yesterday after a three weeks' strike, but according to the Deputy-Commissioner for Labour, Mr. J.T. Rea, agitators are active in this district, and the labourers may stop work again. Agitators have been urging the Tonghurst labourers to continue the strike, and have been trying to persuade labour on five other estates to stop work. Labourers on the Sungei Toh Pawang and Bukit Sembilan estates want to return to work, said the Deputy Commissioner, but were being prevented from doing so by so-called labour organisers.

U.S. Aid To Greece
Washington, 8th March. Senator Barkley predicts that the Administration will ask for $250,000,000 for Greece, but that it is uncertain whether it will be a loan or a gift. Financial opinion here is that any loan as large as this to Greece would be irrecoverable.

Buffett sees Berkshire shares closer to value

By Richard Waters in New York

Mr Warren Buffett, the most successful investor in the US, is expected next week to tell shareholders in Berkshire Hathaway, his investment company, that the 12-month stagnation in the company's shares has finally brought them more into line with reality.

Mr Buffett's comments are due to be released on the Internet a week on Saturday – the first time that the Omaha-based investor's famous homely annual remarks to his shareholders will hit cyberspace.

The past year has been an unusually poor one for a group of investors who have become accustomed to a steady rise in the value of their investments. The shares were trading at $37,000 yesterday lunchtime, a rise of $700 on the day but still below a peak hit in early 1996.

Last March, Mr Buffett said famously of his own shares: "Berkshire is trading at a price at which Charlie [Munger, an associate] and I would not buy it." The comment contributed to the stagnation in the company's shares during a period when the value of its holdings soared along with the US stock market.

However, the country's second-richest man now appears ready to call time on the correction. Mr Marc Hamburg, Berkshire treasurer, said yesterday that Mr Buffett believed the company's share price was now "much closer than we were a year ago" to what he called the company's "intrinsic value". This had reversed the experience of 1995, when Berkshire's shares rose much faster than its investments, he said.

Mr Hamburg added that Mr Buffett would address the issue in his annual comments to shareholders, but declined to say whether the investor would now pronounce Berkshire's stock a "buy".

According to the company's annual results, issued yesterday, the value of its investments rose 31.8 per cent last year. That was well ahead of the 24.5 per cent rise in the Dow Jones Industrial Average, and the 19.3 per cent increase in the Standard & Poor's 500 index.

The rise put the value of Berkshire's investments at $19,011 a share at the end of the year. Based on its share price at the time, the company was valued at 1.75 times book value.

That still represents a huge premium for an investment company, and puts a very high value on Mr Buffett's stock-picking skills. However, it is well below the multiple of 2.2 times book value at which Berkshire traded at the end of 1995.

Mr Buffett's annual letter to shareholders will be released on the World Wide Web next Saturday on a new home page, *www.berkshirehathaway.com*.

The move would give all shareholders equal access to the same level of information, and would allow them to digest the news over the weekend before the stock market opened, Mr Hamburg said.

Warren Buffett: homely annual comments to shareholders to make debut on Internet

US retailers show the tills are still ringing

These are tough times for US retailers, with too many stores chasing too few shoppers. Yet the sector has provided some pleasant surprises for investors over the last few days, as fourth-quarter results come in.

Nearly all the big retail groups have reported bigger profits than analysts had expected, and there was more good news yesterday in the sales figures for February, which indicated that the tills are still ringing more loudly than many had dared hope.

For most groups, the fourth-quarter results cover the period to the end of January, including the crucial holiday season between Thanksgiving and Christmas. For the last few years, this season has provided a series of disappointments.

This is partly because the US retailing sector is burdened with overcapacity resulting from the rapid growth of big discount chains – notably, Wal-Mart Stores – and "category killers" such as Toys R Us. This has coincided with relatively low growth in consumer spending.

In previous Christmases, retailers have made matters worse for themselves by stocking up for a holiday sales boom, only to have to mark down the goods to give-away prices when the demand failed to materialise.

In the latest holiday season, however, retailers seem to have learned from experience. Once again, sales were less than stratospheric, but this time stores stocked up more conservatively, so mark-downs were fewer and profit margins wider.

The two big discount store groups, Wal-Mart and Kmart, both did well. Wal-Mart, which a year earlier had an upset when its quarterly profits fell for the first time in 25 years, reported a 16 per cent increase in net profits, helped by good inventory management. Higher margins on lower sales helped Kmart continue its recovery from severe financial difficulties.

Good times just around the corner

US retailers – fourth quarter results

Company	Sales ($bn) 1996	1995	% change	Net profit ($m) 1996	1995	% change
Wal-Mart Stores	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears Roebuck	12.0	10.9	+11	567	455	+25
Kmart	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dayton Hudson	8.2	8.0	+3	214	228	-6
JC Penney	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fed Dept Stores	5.0	5.3	-4	289	244	+18
Home Depot	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May Dept Stores	4.0	3.6	+10	423	396	+7
The Limited	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Company reports. Note: figures exclude discontinued operations

Once again, the biggest success story was Home Depot, the do-it-yourself "category killer" which has grown at an astonishing rate in the last few years. In the last quarter alone, it opened 33 new stores and relocated two, taking the total to 512. Net profits leaped 35 per cent to $251m.

More typical of the retail sector were the department stores, which turned in a mixed performance.

Best of the bunch was Sears Roebuck – now entrenched ahead of Kmart as the second-biggest US retailer – which continued to benefit from revamping its stores. Its profits rose another 25 per cent to $567m.

Among the other department stores, Dayton Hudson would have reported a 30 per cent increase in net profits if not for a special charge, while Federated Department Stores was well ahead. May Department Stores made modest gains, but J.C. Penney was a big disappointment. Even ignoring a special charge, its profits fell 8 per cent.

Amid a booming stock market and the resulting wealth effect, some of the biggest gains came at the top end of the market. Tiffany, the jeweller, reported a 49 per cent leap in net profits to $58m, and Saks, the up-market department store group, increased pro-forma net profits by 11 per cent to $47m.

As for the first quarter, retailers face tough comparisons, as this time last year they were bouncing back from a dismal Christmas. Even so, Mr Daniel Barry, an analyst at Merrill Lynch, said: "Sales in the month of February were better than expected because of very good weather, so we are actually off to a very good start."

This was reflected in some of yesterday's figures for February sales. Wal-Mart said sales at stores that had been open a year or more shot up 6.8 per cent, and Kmart reported an increase of 3.9 per cent.

However, not all the figures were good. Gap, the clothing retailer, said same-store sales were flat and Ann Taylor reported a decline of 1.9 per cent – troubling news at a time when investors were hoping that long-dormant US demand for clothing was beginning to pick up.

● Wal-Mart Stores yesterday announced a 29 per cent dividend increase and a $2bn share repurchase over the next 12-18 months, saying the moves reflected the company's "strong confidence" in its future earnings and cashflow growth. The stock repurchases will account for up to 4 per cent of the company's shares.

The share price was up $⅝ at $27¼ in early trading.

Richard Tomkins

Brazilian steelmaker posts strong advance

By Jonathan Wheatley

Companhia Siderúrgica Nacional, Brazil's biggest steelmaker, said net profits last year were R$272.5m (US$258.9m), up from R$121.1m in 1995. Corrected for inflation of about 10 per cent, profits rose to R$200.2m from R$117.2m.

The company said the improvement resulted largely from reduced depreciation of assets and lower production costs following investments in modernisation. Its results were also helped by increased sales, up 4.7 per cent by volume from 3.92bn tons to 4.13bn tons, largely offsetting lower prices on domestic and international markets, which fell 0.7 per cent and 15.9 per cent, respectively. Turnover nevertheless fell from R$2.79bn to R$2.64bn.

CSN said it consolidated management changes during the year, restructuring the company into four operating divisions, which resulted in improved productivity. Output per employee rose from 326 tons in December 1995 to 403 tons at the end of last year.

Mr Persio Dangot, an analyst at Banco Fator, a São Paulo investment bank, said the results reflected positive changes at CSN but noted that profits were also swelled by non-operational items, including an income tax credit of R$159.2m.

"The bottom line is somewhat inflated by some extraordinary items, but they have done a lot of work to reduce costs and the new management structure is very positive," he said, adding that the appointment of a new president, Mr José Carlos Martins, had been well received by financial markets.

CSN's shares have gained 40 per cent on local markets this year.

CSN said it would continue with investments in productivity during 1997. Under a seven-year modernisation plan begun in 1993, it plans to spend US$1.3bn by the end of the decade.

The company was active in privatisation sales last year: it bought a 7.25 per cent stake in Rio de Janeiro electricity distributor Light as part of a consortium led by Electricité de France International, and has stakes in two consortia which bought concessions to run privatised rail freight services.

Eletropaulo returns to the black with R$169m

By Jonathan Wheatley

Eletropaulo, Latin America's biggest electrical distribution company, reported profits of R$169.4m (US$160.95m) last year after a loss of R$490m in 1995. Taking into account annual inflation of about 10 per cent, profits were R$352.2m, after a loss of R$534.7m.

Brazilian corporate law excludes the effects of inflation following legislation introduced at the end of 1995.

Many companies publish inflation-adjusted accounts, which analysts regard as a better reflection of performance.

The figures mark Eletropaulo's first net profit since 1989.

The company, which supplies electricity to the city of São Paulo and its suburbs, is expected to be privatised later this year by the state government, which plans to split it into eight companies prior to the sale.

Eletropaulo said its performance reflected management changes introduced since 1995 and a 3.9 per cent increase in sales.

Much of the improvement came from residential subscribers, where consumption increased by 8.5 per cent largely because of increased sales of household electrical goods after a boost to consumer spending power prompted by economic reforms since 1994.

Commercial sales increased 7.9 per cent with the construction of new shopping centres in the city. Industrial consumption was stagnant.

Eletropaulo also reaped big benefits from non-operational factors. The company revised the value of its assets in line with a government directive, resulting in a reduction from R$11.5bn to R$7.8bn.

Depreciation of assets consequently fell from R$652.4m to R$309.6m, adding R$342.8m to profits.

"Reduced depreciation accounts almost entirely for the year's profits," said Mr Jorge Kotani of Lafis, analysts in São Paulo. "Nevertheless, the company has recovered from losses of over R$500m, which is an achievement we can't ignore. The company has begun efforts at restructuring in readiness for privatisation, but much remains to be done."

AMERICAS NEWS DIGEST

US aircraft groups in joint Czech bid

Boeing and McDonnell Douglas, the US companies merging to form the world's biggest aerospace group, have jointly bid for a stake in a Czech military aircraft maker whose sale is linked to a big defence contract that could be announced later this year. The two companies said yesterday they had bid for the stake in Aero Vodochody in partnership with Czech Airlines, the national airline. Their three-way venture is a leading contender for a multi-million dollar contract to upgrade the Czech air force.

The size of the stake in Aero to be sold has not been decided, but it is likely to be at least 34 per cent with a minimum price tag of Kč950m ($32.58m). The government wants the company to benefit from the air force upgrade through maintenance and assembly contracts, in an attempt to revive the country's ailing aerospace industry. Whichever contractor buys the Aero stake is likely to be awarded the upgrade business, although the government has yet to decide how to proceed.

The US companies said they viewed Aero as "a potential supplier of high-quality modules for both the civilian and military aerospace industries". They plan to use the Czech company to make spare parts for Boeing civilian aircraft and to assemble components for the F/A-18 fighter made by McDonnell Douglas. However, other bidders could emerge as western contractors try to convince central European governments to choose their fighters. Lockheed Martin, Saab/British Aerospace and Dassault are also seeking the contract.

Vincent Boland, Prague

Mexican retailer ahead

Cifra, Mexico's largest retailer, saw 1996 net profits of 2.03bn pesos ($252m), up 2.4 per cent from 1.98bn pesos in 1995. Sales fell 9.7 per cent to 23.25bn pesos, from 25.76bn pesos in 1995. Operating profit rose 22.2 per cent to 1.09bn pesos from 893m pesos in the comparable period.

Cifra operates the Aurrera, Bodega Aurrera and Superama supermarkets, plus Suburbia and Sam's Club department stores and Vips restaurants. It also has a joint venture with Wal-Mart Stores, of the US, to develop Wal-Mart Supercenters in Mexico.

■ Soriana, the Mexican retail chain, posted 1996 net profit of 725m pesos, a 1 per cent increase over 1995's 718m pesos. Soriana, which added five stores, or 39,000 square metres of floor space during 1996 to raise the number of stores to 58, managed the slight increase despite a lower net financial gain of 210m pesos for 1996, compared with 324m pesos in 1995. Sales in 1996 rose 5.7 per cent to 8.65bn pesos.

AP-DJ, Mexico City

CIBC earnings surge

Canadian Imperial Bank of Commerce shares surged 80 cents in early trading to a record C$67.90 yesterday after the bank, Canada's second biggest financial institution, reported a 7 per cent rise in first-quarter earnings and proposed a two-for-one stock split. Strong trading and underwriting business helped propel net earnings to C$375m (US$274.1m), or C$1.71 a share, in the three months to January 31, from C$360m, or C$1.53, a year earlier.

Return on equity was unchanged at 17.9 per cent, but return on assets slipped from 0.74 per cent to 0.67 per cent. Interest margins narrowed slightly, reflecting disproportionate growth in low-risk, low-yielding assets. Assets totalled C$218.7bn on January 31. Loan-loss provisions were unchanged at C$120m. Non-performing loans shrank by almost half to C$568m, or 0.4 per cent of total loans.

CIBC Wood Gundy, the bank's investment banking arm, lifted net income by 27 per cent to C$167m.

Bank shares have been among the strongest performing sectors on the Toronto Stock Exchange in recent months, buoyed by falling interest rates and signs of revival in the domestic economy.

Bernard Simon, Toronto

ICA tumbles 36%

Empresas ICA, the Mexican construction company, reported 1996 net profit of 535m pesos ($66.6m), or 5.11 pesos a share, down 36 per cent from 838m pesos, or 8.05 pesos, in 1995. Consolidated sales totalled 7.8bn pesos, up 5.6 per cent from 1995's 7.38bn pesos. Operating profit fell 12.7 per cent to 475m pesos from 544m pesos in 1995.

ICA, one of the country's largest construction companies, also said its net profit in the fourth quarter of 1996 was 103m pesos, up 91 per cent from 54m pesos in 1995. Net sales totalled 1.99bn pesos, down 40.5 per cent from 2.80bn pesos in the year-ago period. Operating profit in the 1996 quarter was 126m pesos, down 60 per cent from 314m pesos in the 1995 quarter.

AP-DJ, Mexico City

Industrial services merger

Philip Environmental, of Canada, and Allwaste, of the US, the industrial services companies, plan to merge in a $540m deal that would create the largest integrated resource recovery and industrial services company in North America. The combined company will have annual revenues of more than $1.6bn, about 8,000 employees and 215 operating locations in North America, western Europe and South America. Philip said it would issue 0.611 of a common share for each Allwaste share. Based on the closing price of Philip stock on Wednesday, Philip said the transaction values Allwaste at about $540m, including the assumption of about $133m in debt.

AP-DJ, Ontario

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Berkshire shares 'closer to value'

Mr Warren Buffett, the most successful investor in the US, is expected to tell shareholders in Berkshire Hathaway, his investment company, that the 12-month stagnation in its shares has brought them more into line with reality. Page 18.

New chairman appointed at Proton

Malaysia appointed a new chairman to run Proton, the national car-maker, and several other important companies that had been controlled by Mr Yahaya Ahmad, who died in an air crash this week. Mr Saleh Sulong, 46, who was second in line to Mr Yahaya, becomes chairman of both Proton and the DRB-Hicom Group, a large transport and heavy industry group. Page 19

Flat earnings expected at Glaxo

Glaxo Wellcome, the UK's largest drugs company, warned that earnings per share growth would be flat until 1999. It posted pre-tax profits up 18 per cent to £2.96bn. Page 22

Acquisition helps Ahold to 38.5% rise

Ahold, the leading Dutch supermarkets group, saw net profits up 38.5 per cent last year to Fl 632.4m ($328.5m). It was helped by Stop & Shop, the US chain acquired last year. Page 20.

BTR announces board reshuffle

BTR, Britain's biggest conglomerate, announced the departure of former managing director Mr Alan Jackson from the board and the appointment of two non-executive directors. Page 21

TVX Gold makes new find in Greece

TVX Gold, the Canadian gold producer, has made a new gold find at the ancient Kassandra Mines in Greece. Page 26

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	3440	+	85
BHF Bank	41	+	0.65
Dragerwerk	28.65	+	1.65
Karstadt	587	+	16
Falls			
Holzmann	515	−	25
Wella	940	−	14.50
NEW YORK ($)			
Rises			
[illegible]	8⅝	+	2¼
China E Air	24⅞	+	2¼
[illegible]	27⅛	+	3⅜
Falls			
Allergan	30¾	−	2¾
[illegible]	16	−	3⅜
[illegible]	29⅝	−	2
LONDON (Pence)			
Rises			
[illegible]	181½	+	53
[illegible]	97½	+	10
[illegible]	135	+	10
[illegible]	255	+	16
Falls			
[illegible]	120	−	6½
[illegible]	8	−	2
TORONTO (C$)			
Rises			
Algoma Steel	7.30	+	0.60
CS Res Ltd	13.00	+	0.90
[illegible]	21.60	+	1.50
Falls			
[illegible]	8.50	−	0.90
[illegible]	3.10	−	0.45
Timminco	3.25	−	0.75
PARIS (FFr)			
Rises			
Air Liquide	934	+	37
Bancaire Cie	793	+	41
Eridania	960	+	37
SGS-Thomson	402	+	24
Saint Gobain	859	+	11
Falls			
Seb SA	995	−	11
TOKYO (Yen)			
Rises			
[illegible]	1300	+	150
Falls			
Brother Ind	465	−	25
[illegible]	512	−	18
House Food	1580	−	60
Nomura Sec	1580	−	50
Yasuda Fire	581	−	24
HONG KONG (HK$)			
Rises			
First Pac	11.40	+	0.20
Harbour Cen	11.20	+	0.15
Shaw Bros	8.75	+	0.15
Falls			
Great Eagle	30.10	−	0.30
Henderson Ld	68.75	−	1.25
Wharf Hldgs	34	−	0.80
BANGKOK (Baht)			
Rises			
City Sports	22.75	+	2.00
Intl Bcast	25.75	+	2.25
[illegible]	96.50	+	8.50
Siam Gen Fac	19.50	+	1.75
Thai-Denmark	37.50	+	3.25
Falls			
Rojana	117.00	−	13.00

New York & Toronto prices at 12.30.

UK group's attempts to enter German pay TV market may be over

BSkyB, Kirch end satellite deal

By Ray Snoddy

British Sky Broadcasting, the satellite television venture, and Kirch Gruppe, the German media group, will announce today that they have terminated their digital satellite joint venture agreement.

In July BSkyB announced it had agreed to take a 49 per cent stake in DF1, the digital television satellite project about to launch in the important German television market, the largest in Europe. It was BSkyB's second attempt in less than six months to find a way into the complex but potentially lucrative German pay television market.

The UK company and Kirch will cite "failure to agree a number of fundamental issues" as the reason for the mutually agreed decision.

For BSkyB it looks like the end of the road in trying to find a way into German pay television. DF1 has lost a partner which would have helped to finance nearly 50 per cent of a venture that will ultimately cost several hundred million pounds and which is doing much less well than expected. In July, Mr Gottfried Zmeck, chief executive of DF1, which will broadcast 17 digital channels from Munich, said in BSkyB Kirch had found a partner "who will enhance the development of our digital platform in Germany with its experience as Europe's most successful pay television operator."

Mr Rupert Murdoch, chairman of News Corporation which has a 40 per cent stake in BSkyB, also had a good working relationship with Mr Leo Kirch, the group's founder.

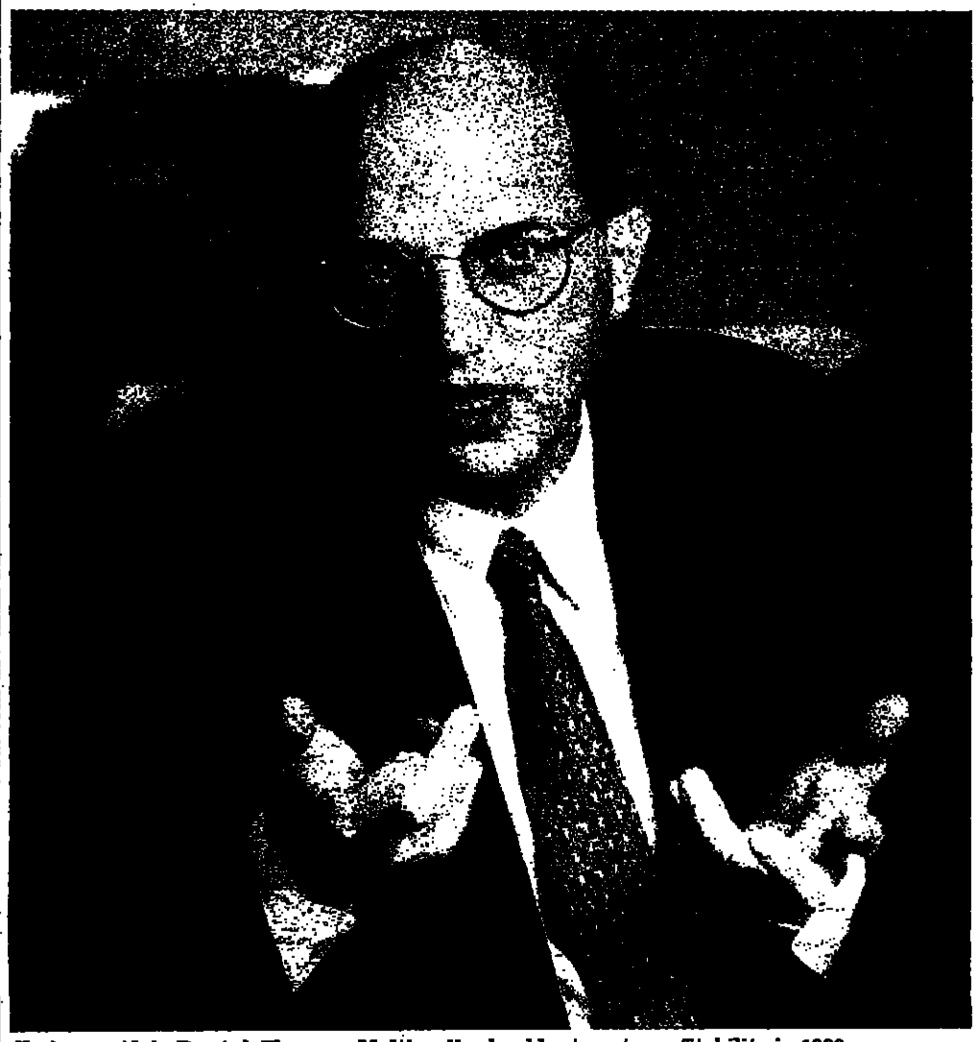
Apart from the growing delay in completing the agreement, the first real public sign that the relationship was in trouble came last month at a BSkyB results press conference.

Mr Sam Chisholm, the BSkyB chief executive, warned he could not go ahead with the deal unless "important issues" were resolved.

The BSkyB chief executive declined to say what the issues were but at least two serious problems had arisen. One was the future of Premiere, the German pay television film channel in which Kirch is a significant shareholder alongside Bertelsmann of Germany and Canal Plus of France.

BSkyB wanted to be part of Premiere and for the film channel, which has more than 1.5 million subscribers, to be part of the DF1 package. Instead there has been litigation between DF1 and Premiere.

BSkyB also wanted to see the DF1 channels carried on the main cable networks in Germany which are controlled by Deutsche Telekom. No agreement has been reached and since its launch in late July DF1 has managed to sign less than 30,000 subscribers compared with an expected 200,000 at this stage.



Chairman Alain Prestat: Thomson Multimedia should return to profitability in 1999

Thomson Multimedia set to shut two more factories

By David Owen in Paris

Thomson Multimedia, the troubled French state-owned consumer electronics group, expects to close two more non-European factories under a restructuring that will see it shed about a fifth of its global labour force.

Mr Alain Prestat, chairman, made the disclosure yesterday as the company reported a net loss of FFr3.13bn ($540m) for 1996, up from FFr1.09bn a year ago. This was partly attributable to a FFr1.3bn restructuring provision, but there were operating losses of FFr409m and financial costs of FFr1.36bn. Sales climbed 3.6 per cent from FFr36.5bn to FFr37.8bn.

The two plant closures will come on top of six planned in Malaysia, Germany, Canada and the US, with a loss of between 8,000 and 10,000 people. Yesterday's results came about two months after Mr Franck Borotra, the French industry minister, signalled his preference for a staged privatisation of Thomson Multimedia, which the government tried and failed to sell last year.

Mr Borotra hinted strongly in January that the privatisation of Bull, the computer group, could act as a model for the transfer of Thomson's consumer electronics arm to the private sector.

The Bull sale was a gradual privatisation achieved through the entry in two stages of a number of industrial shareholders as investors. It was only last November – more than a year after the first stage of the privatisation – that the government said it was taking public-sector ownership of the company below 50 per cent.

The government announced in December that Multimedia would be privatised separately from – and later than – the Thomson-CSF defence electronics company, following the failure of its first attempt to privatise the whole group.

In this first attempt, Lagardère, the missiles-to-magazines conglomerate that emerged as the government's preferred bidder, proposed to resell Multimedia to Daewoo of Korea. Alcatel Alsthom, the other bidder, predicted some synergy between Multimedia's television activities and its own predominantly civil electronics and communications business.

On yesterday's result, Mr Prestat stressed that the company made a FFr600m operating profit in the second half, in spite of the "heavy recession" affecting the market.

He said the company should return to profitability at the net level in 1999 – a year in which it expected to benefit from the recovery of about FFr1.3bn in patent revenues.

Nomura admits 'apparently irregular' payments to client

By William Dawkins in Tokyo

Nomura Securities, Japan's largest stockbroker, has admitted "apparently irregular" payments to a corporate investment client, throwing its reputation into doubt for the second time in six years.

Nomura declined to give details of the customer, beyond the fact that it has a family connection with a Nomura shareholder.

But a report on Japan's national television network NHK, which is usually reliable, alleged the customer was a property development company run by the relative of the head of a gang of corporate extortionists or *sokaiya*.

The payments are thought to amount to tens of millions of yen. *Sokaiya* extract bribes in return for undertaking not to disrupt annual shareholders' meetings.

The incident was "regrettable", said Mr Hideo Sakamaki, Nomura's president, who could now face pressure to resign, according to analysts. It could provoke a further loss of investors' confidence in the Japanese equity market, languishing at 20 per cent below its most recent peak of last June, analysts warned.

Mr Atsushi Saito, a Nomura vice-president, admitted that senior executives had been caught channelling profits from the company's funds to a client, contrary to Japan's securities and exchange law. "We deeply regret the possibility that we have betrayed the public trust," he said.

Two managing directors – the fourth most senior rank in Nomura's hierarchy – had been found carrying out "discretionary transactions" on four occasions between April 1993 and summer 1996, Mr Saito said. Nomura appointed an internal inquiry team in January when management's suspicions had been aroused.

Nomura reported the incident to the Securities and Exchange Surveillance Committee, the stock market watchdog, late last month, Mr Saito said. Before the SESC made its judgment, Nomura was planning a reorganisation to prevent a recurrence, he said.

Nomura was at the centre of a share compensation scandal in 1990 which resulted in the resignation of its president.

The company's reputation was now "pretty hollow", said Ms Alicia Ogawa, analyst at Salomon Brothers Asia. It highlighted why only 3 per cent of Japan's Y1,200bn ($9.9bn) personal savings were in securities – mostly via investment trusts – far lower than the 20 per cent of US personal savings in securities, said Ms Ogawa.

"The difference is that people in other countries have faith in the products being sold to them," she said.

Lex, Page 16

US West and C&W plan joint deal in Russia

By Nicholas Denton in London and John Thornhill in Moscow

Cable and Wireless, the UK telecommunications group, and US West, the US regional operator, are planning a merger of their operations in Russia to challenge the country's incumbent telecoms giants.

The deal would create an integrated western-owned operator to counter the government-backed telecom monoliths of Rostelekom, the dominant long-distance carrier, and Svyazinvest, a grouping of local operators.

The merger proposal comes after Moscow laid out plans to link the two domestic companies, raising concerns of renewed communist-era monopoly and prompting the World Bank to suspend its support for restructuring of the sector.

The western companies are discussing a combination of PLD Telekom, a Russian long-distance operator owned 32 per cent by C&W, and Russian Telecommunications Development Corp (RTDC), a wireless operator owned 66.5 per cent by US West.

PLD, which is being advised by Smith Barney, and the US West subsidiary, advised by JP Morgan are believed already to have begun due diligence – the process of valuing each other's businesses in preparation for a transaction.

US West has had contacts with other telecoms carriers and negotiations with C&W's associate are still several weeks from completion. Neither C&W nor US West, nor the investment banks involved in the deal, would comment.

It is believed US West and its partners in RTDC intend to fold their Russian wireless operations into PLD, which is quoted on the US Nasdaq exchange, and take smaller stakes in an enlarged PLD.

PLD has a 59 per cent stake in Peterstar, a joint venture with the government of St Petersburg. It also controls Baltic Communications, which relays international calls from Russia through the UK. RTDC would contribute wireless telephone networks in seven Russian cities including Moscow, St Petersburg and Vladivostok.

Both C&W and US West have had difficulties in Russia. C&W last year took a £120m charge after disappointing results from its east European operations.

Since December the two companies have had to contend with Russian government plans to fold the state's 51 per cent of the voting shares of Rostelekom into Svyazinvest, a wholly state-owned holding company with stakes in 85 regional operators.

An executive involved in the negotiations said the western-owned carrier created from PLD and RTDC would provide "an effective counter" to the dominant Russian grouping.

Bidding battle for Californian thrifts intensifies

By John Authers in New York

The bidding battle among Californian thrifts intensified yesterday as Washington Mutual launched a $6.6bn "white knight" bid for Great Western Financial. Great Western was last month the subject of a hostile bid from H.F. Ahmanson, now valued at slightly less than $6bn.

A combination of Great Western with either bidder would create the largest financial institution in California, and the largest US thrift – broadly similar to a UK building society, concentrating on mortgage lending and deposit-based savings.

Ahmanson vowed to fight on and said it was "amazed" by its opponent's claimed cost savings, but initial reaction on Wall Street was that Washington Mutual had landed a "knockout blow".

Washington Mutual is offering 0.90 shares of its own common stock for each Great Western share. By midday, initial gains had evaporated, and the stock stood at $53⅛, down 12.5 cents for the day, valuing Great Western at about $47⅞.

A $1¼ fall in Ahmanson's share price yesterday morning to $40¾ meant that its alternative offer of 1.05 of its own shares valued Great Western at about $42¾. Great Western gained $1⅞ on the news to reach $46⅞.

The announcement darkened the outlook for the survival of a thrift sector independent from commercial banks.

Washington Mutual, which has made 22 acquisitions since 1983, entered the Californian market last year via its acquisition of American Savings Bank. It is protected against a failure in its bid by the promise of substantial break-up fees from Great Western. It will pay Washington Mutual $75m plus expenses of up to $20m if the merger agreement is terminated, and will pay an additional $100m if it is acquired by another bidder within 18 months.

Mr Kerry Killinger, Washington Mutual's chief executive, predicted it could make annual savings of $340m by 1999, and said that a total of 200 branch and loan offices would be consolidated.

AssiDomän halts Russian production

By Greg McIvor in Stockholm and Anthony Robinson in London

AssiDomän, the Swedish paper company, has suspended production at Segezhabumprom, the Russian pulp and paper bag company it partially owns, in an attempt to force the local Karelian and Russian central authorities to settle tax and operating issues.

These were unresolved when the company took over full operational and managerial control in January. It has been one of the biggest "hands-on" foreign investment and restructuring projects in Russia.

Assi said it was responding to the "paralysing" effect of Russian bureaucracy, which risked blocking a plan to spend $100m-$120m on modernising the plant. The plan involves the European Bank for Reconstruction and Development and the International Finance Corporation.

Segezhabumprom was the Soviet Union's biggest maker of paper sacks. Its Nordic and German-built machines can produce up to 1.2bn heavy duty sacks a year from 650,000 tonnes of pulp, at a plant near the Finnish border, 550km north of St Petersburg.

Last year, however, it produced only 100,000 tonnes, although Assi said productivity improvements had raised the rate to 160,000 tonnes a year. Half is exported as sack paper and the rest sold as paper sacks in Russia.

Stratton Paper, controlled by Mr Michael Dingman, a Bahamas-based investor, bought a controlling 57 per cent stake in the privatised Russian company in February last year.

This was followed by the sale of a 50 per cent stake in Stratton Paper to AssiDomän, which agreed to manage and modernise the plant. The Swedish company also owns 39 per cent of Sepap, a Czech paper company bought by Mr Dingman and Mr Viktor Kozeny, his Czech partner, at the start of a $250m foray into eight Czech quoted companies in 1995.

Assi said that the Russian plant's future was in question after six months of fruitless negotiations over the joint venture's tax liabilities, logging rights and pension fund responsibilities.

Stratton Paper has lent $10m to Segezhabumprom for salaries, heating oil and other expenses, but has made no further working capital injections since the acquisition. Stratton inherited $9m in deferred tax liabilities which it wants to pay off after five years.

It also wants the cash-strapped regional authority to pay for the supply of district heating to 30,000 people in the town of Segezha. The town will be without heating when oil runs out next week.

Mr Dan Arbess, the US lawyer who helped set up the original deal between Stratton and Segezhabumprom, said last night: "This is a positive development which shows that investors who are prepared to take on the nitty-gritty problems of restructuring enterprises are also prepared to stand up for their rights and not be seen as patsies."

Mr Sören Oeberg, Segezhabumprom general director, said he was optimistic operations could resume "in one or two months".

Assi said the experience would not deter it from continuing investments in Russia.

Ahold advances 38% to Fl 632m

By Gordon Cramb in Zaandam

Ahold, the leading Dutch supermarkets group, pushed up net profits 38.5 per cent last year to Fl 632.4m ($328.5m) and expects a further significant increase for 1997, helped by a full contribution from Stop & Shop, the US chain acquired last year for $1.8bn.

For the final 12 weeks of the year, the first complete reporting period since the New England acquisition was consolidated in late July, net earnings soared 62.8 per cent to Fl 216.3m.

Worldwide sales for the foreshortened final quarter were 35.2 per cent ahead at Fl 9.96bn, and for the year rose 23.4 per cent to Fl 36.54bn.

The Netherlands, where it operates the dominant Albert Heijn chain, ceded its place to the US as Ahold's biggest and most lucrative national market.

"Our ambitious goal – to become the largest and most profitable international supermarket company – has come considerably closer to reality," Mr Cees van der Hoeven, president, said yesterday.

Dutch sales rose 4.4 per cent to Fl 14.96bn for the year, as Albert Heijn lifted its market share a half percentage point to 27.7 per cent. It is seeking further growth through a joint venture with Royal Dutch/Shell to operate forecourt mini-markets, and by issuing a customer card with a stored value payment function.

Earnings per share were Fl 4.30, against Fl 3.68, the rise muted by an equity issue made to fund the Stop & Shop deal. Ahold maintained its forecast of at least a 15 per cent annual increase in the coming years.

Total dividend is 96 Dutch cents, up from 88 cents, and it plans a three for one share split. The shares closed Fl 5.20 higher in Amsterdam at Fl 137.40.

● KBB, a Dutch non-food retailer, showed a 38.1 per cent fall in net profits to Fl 61m for its year to January. The result was dragged down by what it acknowledged was a "poorly executed repositioning" at M&S Mode, one of its clothing chains.

Seat returns to offensive

By Haig Simonian, Motor Industry Correspondent, in Geneva

Seat, the Spanish carmaker owned by Germany's Volkswagen group, yesterday attempted to put the financial troubles of the early 1990s behind it with plans to invest Pta120bn ($828m) in new models by 2000.

The investment should differentiate Seat's car more distinctly from other VW group products, on which they are largely based, to create a younger and more "Mediterranean" image for the company, according to Mr Pierre-Alain De Smedt, chairman.

Mr De Smedt, who took over last December, said the investment boost was based on greater confidence that Seat's finances had turned the corner. "We feel we have a solid basis for the development of our business in 1997," he said at the Geneva motor show.

"Our profits will be based on core operations, rather than asset sales," he said. The company made about $35m last year in extraordinary gains through the sale of equipment for its former Ibiza model.

Seat had reined in spending on new products to some extent in recent years because of its financial difficulties, which at their worst had led to doubts about VW's continuing commitment to the company.

However, Mr De Smedt hinted the company would surprise analysts when it published its results on March 23, by reporting 1996 profits somewhat higher than the Pta2.7bn expected in the market.

Unit sales this year were expected to be 15-20 per cent higher than the 344,000 of 1996, he forecast. The rise would come through a number of new products: a station wagon version of the Cordoba saloon would be launched in May, while sales of the recently introduced Arosa mini-car were expected to reach 50,000 units this year. The company also expected to sell 3,000-4,000 more units of its Alhambra multipurpose vehicle this year, he said.

A clear identity for Seat as VW's "Mediterranean" brand will only fully emerge with next year's Toledo saloon. The new car is expected to be much more distinctively styled than previous models. Based on the next generation VW Golf, due in September, it will be built in Brussels as part of VW's strategy to concentrate output of at fewer sites.

Pierre-Alain De Smedt: hinted results would surprise

Pechiney in deficit after big provision

By David Owen in Paris

Pechiney, the French aluminium and packaging group, last night reported losses of almost FFr3bn ($520m) after taking into account heavy restructuring provisions.

The company, which was privatised in 1995, also announced the disposal, via a private placement with institutional investors, of its 37.7 per cent stake in Carbone Lorraine, an electrical components and carbon products business.

Despite its return to the red, it is maintaining its dividend at FFr3.30 a share. The results were released after the Paris stock market closed, but the shares earlier closed up FFr11, or 4.2 per cent, at FFr270.

The main feature of the results, and the explanation for the loss, was a FFr3.69bn provision relating mainly to the group's "Challenge" restructuring plan, which aims to cut costs by FFr4bn, or 20 per cent of the total – excluding raw materials – by the end of 1998.

In all, FFr2.28bn of the overall FFr2.72bn cost of this programme was included in the figures released yesterday. The company said the balance would be taken into account as the relevant expenses were incurred.

The cost cutting programme is expected to lead to a reduction of between 4,000 and 5,000 in the company's 37,000 employees worldwide, and a 17 per cent cut in its wage bill.

It also included, under the broad heading of "provisions for risks", an additional charge of FFr1.41bn. More than one-third of this, or FFr531m, relates to litigation involving American National Can, Pechiney's US subsidiary.

In November, a US court ordered ANC to pay $102m to Viskase Corporation, which claimed ANC had infringed a number of its patents for plastic films used for fresh red meat, processed meat and poultry product applications. Pechiney has stressed that no definitive judgment in the case has been reached.

The charge resulted in a net loss of FFr2.98bn, against a profit of FFr1.47bn – including FFr735m of net capital gains – in 1995. Sales fell from FFr68.7bn to FFr64.4bn.

The loss per share was FFr38.69. Net debt rose from FFr14.3bn at the end of 1995 to FFr14.8bn in 1996. This took gearing to 101 per cent, from 85 per cent a year earlier.

The board agreed to buy back from the French state a number of voting right certificates in its possession.

Accent on quality at Promodès

For someone who resembles an extremely Gallic-style capitalist, Mr Paul-Louis Halley, chairman of Promodès, the French retailing group, is developing an increasingly Anglo-Saxon outlook.

Nearly 40 years after its creation, the founding families of the group – which controls both the Champion and Continent chains – hold 55 per cent of the shares, and the Halley family alone 40 per cent.

While rivals such as Carrefour are busily expanding overseas and concentrating on hypermarkets, Promodès still derives more than 60 per cent of sales from France, and is expanding its smaller as well as its larger stores.

"French retailers have proved very good at raising productivity and providing low prices," Mr Halley says. "But we need to shift the emphasis from quantitative to qualitative issues," applying the techniques of US and UK retailers "who are ahead of us in understanding the evolution of consumer trends."

He highlights developments which he hopes to emulate, such as customer loyalty, staff friendliness, reduced waiting times at the till and ease of parking. "We need to stress client satisfaction, to take the drudgery out of shopping."

While such ideas may be in their infancy, and even though he believes France "has all the characteristics of a mature market," Promodès managed to increase sales in the country by 2.1 per cent last year – or 4 per cent in comparable terms, after allowing for the sale in 1995 of its discount chain.

Mr Halley says most of the growth came from taking market share from small shops. Yet he rejects the growing criticism in France of big retailers, arguing they have helped provide jobs and increased purchasing power by cutting prices.

He says legislation last year to freeze new large retail centres will simply accelerate a trend towards stabilisation of the market. It is rural depopulation, he says, and not out-of-town hypermarkets, that is killing the country's high streets.

As for the competition among the country's larger retail chains, Mr Halley is serene. Auchan's takeover last year of Docks de France – which unsuccessfully sought Promodès' help as a white knight – has increased speculation that further consolidation is inevitable.

But Mr Halley claims that with 11 per cent of the French market – against 15 per cent for his largest competitor – Promodès is under no pressure to find a partner. No discussions are under way, although "at the right price", some future alliance or merger is possible.

The group's shareholding structure is flexible and he would not be traumatised if the Halley family's voting rights fell from 51 per cent to a minority level. However, he points out that Promodès has ample cash to finance expansion. It would only launch the fourth rights issue since its stock market quote in 1979 if it were considering a large acquisition.

For Mr Halley, the group's strength is its diversity, with fully-owned operations and franchises (which account for one-third of sales), a portfolio of shops of ranging from corner stores to hypermarkets, and a growing geographical mix.

The group sold its German operations last year, and is concentrating on growing in Italy, Spain, Portugal and Greece over the next five years. Only after that is it likely to expand significantly in "Latin America and above all south east Asia".

Andrew Jack

French retail groups ahead

Two of France's largest retail groups yesterday reported sharply increased profits for 1996 at a time of considerable restructuring within the sector, writes Andrew Jack. Promodès unveiled net income up 22 per cent at FFr1.2bn ($208m) on post-tax sales which rose 3 per cent to FFr104bn. Sales were up 7 per cent in comparable terms, after taking into account the impact of operations including the sale last year of Promohypermarkt, the group's remaining German retail business, which gave rise to an exceptional charge of FFr109m.

Separately, Casino, which operates under its own name and that of Géant, said yesterday that net income for 1996 rose 32 per cent to FFr838m, on post-tax sales up 4 per cent to FFr66.8bn. Financial charges fell from FFr404m to FFr263m as a result of a restructuring and the reduction of its debt to FFr4.3bn, as well as a cut in interest rates.

Andersen plans new unit

By Jim Kelly, Accountancy Correspondent

Arthur Andersen, the world's leading accountancy services firm – with expected revenues this fiscal year of $5bn – yesterday earmarked "knowledge industry" for development as one of its core services in the next century.

The announcement, from the firm's Chicago headquarters, will be closely studied by competitors in the light of the firm's reputation for innovation and the forthcoming strategy meeting of its parent organisation, Andersen Worldwide.

In April, the partners of Andersen Worldwide, which embraces both Arthur Andersen and Andersen Consulting, will meet in Paris to consider the future direction of the organisation, which had fee income of $9.5bn to August 31 1996, an increase of 17 per cent.

The organisation has suffered disputes over "turf wars" between the firms as Arthur Andersen, traditionally seen as an accounting, audit and tax firm, was seen as straying into lucrative consultancy services.

While there is a possibility the firms may divorce completely, it is more likely that the successful spin-off of Andersen Consulting in 1989 will be repeated and a wider stable of linked firms created around new service lines. One or more could float to provide capital.

Mr Richard Measelle, managing partner of Arthur Andersen, said a separate member firm was to be created – Arthur Andersen Knowledge Enterprises.

He said the firm had been split off in order to allow it unfettered development within the organisation. It would participate in the emerging knowledge sector. "For example, people are going to be looking to Arthur Andersen to provide assurance that knowledge over the Internet or other mediums is reliable.

"The group will also undertake the development of new knowledge initiatives in areas such as electronic commerce," he added.

Mr Measelle also announced the development of Arthur Andersen's technology capability into an "entrepreneurial business enterprise" – although he denied this was aimed at competing with Andersen Consulting in this area.

A vibrant "knowledge" management firm would be a prime candidate for a separate flotation and could be one of the Andersen spin-offs of the next decade.

EUROPEAN NEWS DIGEST

Upbeat outlook at Hoogovens

Hoogovens, the Dutch steelmaker, yesterday followed the industry trend with a heavy fall in profits of 35.7 per cent to Fl 326m ($169m), but an upbeat look at 1997. The company said European economic growth was likely to have a positive effect on demand for steel and aluminium, and it was improving its product mix.

Investors focused on the optimistic outlook, pushing the shares up Fl 7 to Fl 97 in early trading. They ended the day at Fl 92.6. Net profits from ordinary activities were expected to "improve in the course of 1997", in spite of what Hoogovens said would be a substantial rise in investment outlays, both in fixed assets and through acquisitions. A week ago it agreed to buy 50 per cent of Usines Gustave Boël, a steelmaker based in the Walloon region of Belgium, for BFr2.25bn ($63.7m). Sales were down 2.1 per cent last year to Fl 7.93bn, and the fall would have been 6 per cent if adjusted for factors such as acquisitions and disposals. From net earnings per share of Fl 9.67, against Fl 15.72, the company is paying an unchanged dividend of Fl 3. *Gordon Cramb, Amsterdam*

French banks advance

Banque Nationale de Paris yesterday reported net income for 1996 more than doubled to FFr3.9bn ($676m), in spite of heavy charges for deconsolidating its stake in UAP, the French insurer which recently merged with Axa. Separately, Crédit Commercial de France published net income up 12 per cent to FFr1.4bn, in a further indication of the recovery of the French commercial banking sector after two difficult years.

BNP took a FFr2.4bn charge to write down the value of its shares in UAP to market value. But it stressed that the cost was compensated with a write-back of provisions, capital gains on the sale of assets and a dividend paid by the insurer. *Andrew Jack, Paris*

Scor rises to FFr624m

Scor, the French reinsurance group, yesterday reported net income up nearly 20 per cent to FFr624m ($108m), after it bought the reinsurance portfolio of Allstate of the US last year. Gross premium income rose 17 per cent to FFr13.8bn and the accounting value of assets under management rose 19 per cent to FFr32bn. Return on capital stood at 11.3 per cent. *Andrew Jack*

EdF net surges 58%

Electricité de France, the world's largest power producer, yesterday reported a 58 per cent rise in net profit last year to FFr1.9bn ($329m), on the back of higher turnover and lower financial charges. Operating profits more than doubled to FFr5.9bn.

David Buchan and Simon Holberton, Paris

Electrolux spins off Gränges

Electrolux, the world's biggest household appliance maker, is to spin off Gränges, its aluminium products supplier, to its shareholders, through the issue of half a share in Gränges for every one Electrolux share held. Gränges will be listed on the Stockholm stock exchange from May 21. The unit had pro-forma sales last year of SKr8.4bn ($1.1bn) and pre-tax earnings of SKr313m. Electrolux, focusing on its core appliance operations, originally wanted to float Gränges in a public issue two years ago, but was forced to withdraw the issue because of lack of demand. *Hugh Carnegy, Stockholm*

BNL ahead at L89bn

Banca Nazionale del Lavoro, the Rome-based bank that is absorbing Banco di Napoli and INA, the insurer, yesterday reported a 15 per cent rise in net profits, from L77bn in 1995 to L89bn ($52m) in 1996. Operating profits rose 34.7 per cent to L1,227bn. BNL said it would propose an unchanged dividend of L200 for ordinary shares and L1,000 for savings shares. *Paul Betts, Milan*

Danish insurer lifts profits

Codan, the listed Danish insurance company controlled by Royal & Sun Alliance of the UK, lifted net profits from DKr561m in 1995 to DKr1.07bn ($164m), while pre-tax profits rose from DKr741m to a record DKr968m. Net profits as a return on equity rose from 12 per cent to 20 per cent, while earnings per share rose from DKr83 to DKr158. The board proposed an increase in the dividend from DKr20 to DKr22.50. *Hilary Barnes, Copenhagen*

COMPANIES AND FINANCE: ASIA-PACIFIC

New chairman appointed at Proton

By James Kynge in Kuala Lumpur

Malaysia yesterday appointed a new chairman to run Proton, the national carmaker, and several other important companies that had been controlled by Mr Yahaya Ahmad, who died in an air crash this week.

Mr Saleh Sulong, 46, who was second in line to Mr Yahaya, becomes chairman of both Proton and the DRB-Hicom Group, a large transport and heavy industry group.

Mr Saleh said there would be no change to the strategies his predecessor had set out.

The personal holdings of Mr Yahaya, which some analysts estimate are worth M$5.8bn (US$2.35bn), become the property of his four children. The holdings include a 16.3 per cent stake in Lotus, the UK sports car maker, which Proton acquired last year.

Mr Saleh said that, while Mr Yahaya's children were "technically" free to sell the shares, this would be unlikely. He added that he and an undisclosed family member had been appointed as trustee and custodian of the children's shares.

Investors have been concerned over the fate of Mr Yahaya's personal holdings, which control nine listed companies with businesses including vehicle manufacturing, distribution, transport, property and logging.

Some expect the government to buy back most or all of Mr Yahaya's shares to stop them becoming a target for a corporate raider, or an entrepreneur it considers unsuitable.

Mr Yahaya had been widely believed to own a personal stake of 32 per cent in Hicom Holdings, an industrial conglomerate linked to both DRB-Hicom and Proton, which he bought amid much publicity for around M$1.7bn in 1995.

But Mr Saleh said yesterday that he owned a considerable part of the 32 per cent holding, though he declined to divulge how much.

The nine companies controlled by Mr Yahaya, which were suspended on the stock market on Tuesday, are to be re-quoted on Monday.

Mr Saleh had worked alongside Mr Yahaya from relatively lowly corporate beginnings 18 years ago. He was group managing director of DRB-Hicom and has 20 years experience in the motor industry, although he trained as an accountant in the UK.

Nevertheless, some question whether he has the vision and drive of his predecessor, and whether he can earn the respect of Dr Mahathir Mohamad, the prime minister. Dr Mohamad was the force behind Malaysia's initiative in 1984 to make its own national car.

Mobile phone subscribers take heavy toll

The sight of an executive clutching a mobile phone in Manila, as in most Asian cities, is an increasingly common one. But the explosive growth of the local cellular market – the number of new subscribers rose 64 per cent last year, to 796,000 – has exacted a heavy price on some providers.

The novelty and convenience of mobile phones, together with entry schemes for the low end of the market, let in a flood of customers who proved less than keen to settle their bills. By the end of 1996, Piltel – the market leader which is 31 per cent owned by PLDT, the former telecoms monopoly – had had to write off 85,000 subscribers – 20 per cent of its customer base.

The company this week blamed fraudulent subscribers for a 14 per cent fall in net profits last year. Globe, a joint venture between Ayala Land, the local property group, and Singapore Telecom, wrote off 30,000 subscribers, or more than 40 per cent of its portfolio.

Mr Lonie Hilado, telecoms analyst at ING Barings in Manila, says: "Credit investigation and credit collection have been a big headache for cellular companies and cloning was a major problem for Piltel last year. But companies are working to address the problem and have made a lot of changes in their internal checks and balances as well as their billing and collection policies."

Smart Communications, a joint venture between Metro Pacific, the local arm of Hong Kong-based First Pacific, and NTT of Japan, has side-stepped the industry's teething problems.

Mr Michael Lonergan, chief financial adviser, explains: "We strictly apply both credit limits and a set time limit for payment. If you don't pay by a certain date, you get cut off ... Some of our competitors were more flexible than that and paid the price."

Piltel and Smart, which is planning an IPO on the Philippine stock exchange in June, are expected to share about 80 per cent of the market between them in the short term.

The scope for growth is huge. The Philippines has 1.1 cellular phones for every 100 people – the second lowest density in the region and a long way behind Hong Kong, at 17 for every 100. Analysts forecast market growth of 64 per cent for 1997 and 36 per cent in 1998, doubling density to 2.4 phones.

The new groups grumble at what they see as PLDT's unfair tactics to retain market share. "It is being very obstructive. The regulator should be more pro-active in managing competition and ensuring a level playing field," one foreign telecoms executive says.

He continues: "Interconnection costs, both local and international, are too high and should be brought down. We're a couple of years down the line now and there is still no cellular interconnection outside Manila." A call from a mobile user in the southern city of Davao to a fixed line in the same city is still routed through Manila and charged the long-distance rate.

Cellular groups have been tied in to improving the country's fixed line density which, although it doubled last year, was only 4.1 for every 100 persons. The government requires them to install 300,000 fixed lines each – and those offering an international gateway facility, 400,000 – by the first quarter of 1998.

Efforts to increase the number of connections have been hindered, however, by bureaucracy and the late arrival of wireless local loop technology, which avoids the need to dig up roads and contest rights of way.

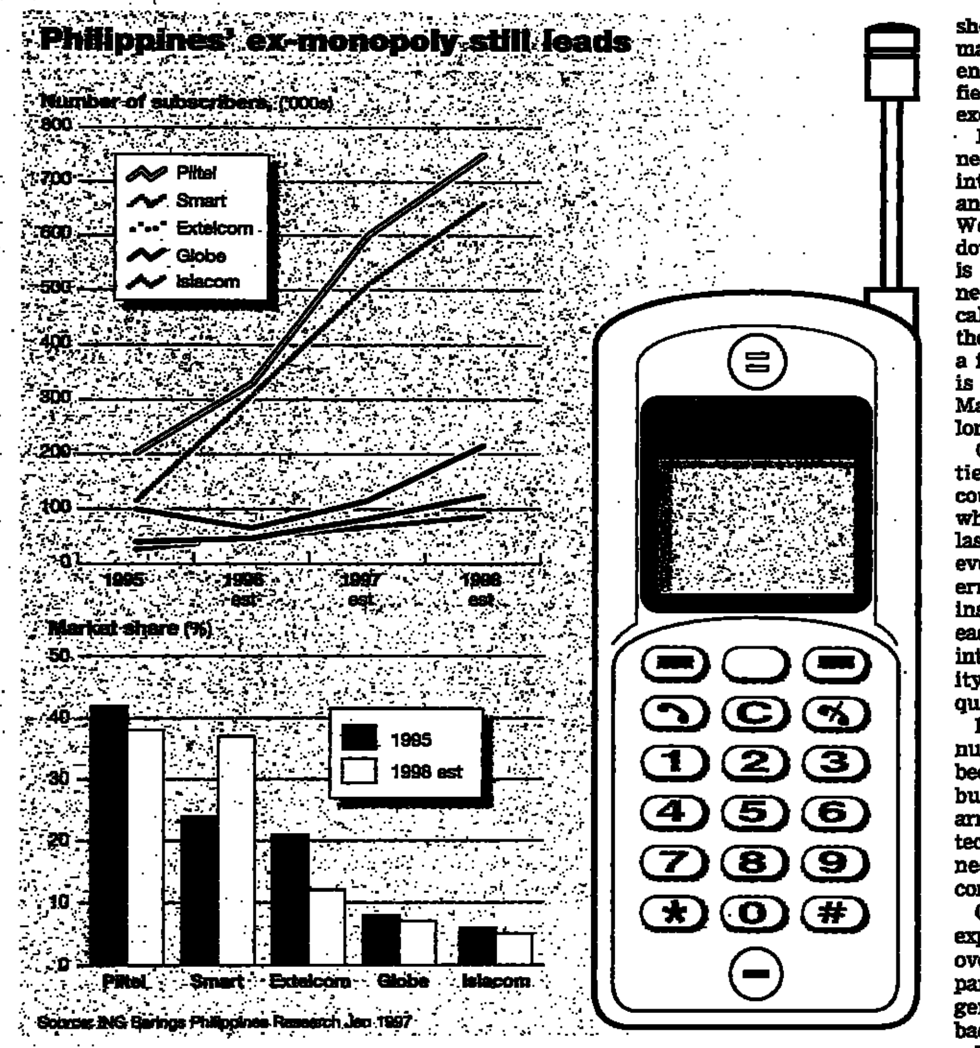
Consolidation, widely expected, has not yet hit the overcrowded sector. This is partly because of the emergence of powerful foreign backers for local providers.

Five cellular companies emerged in the wake of the liberalisation of telecommunications in 1995. Foreign groups were allowed to own up to 40 per cent of a local provider. As well as Smart and Piltel, Islacom is 35 per cent controlled by Deutsche Telekom.

But, says Mr George Kintanar, chief of staff at the National Telecommunications Commission, "there will be consolidations and mergers because of the enormous amounts of investments and the March 1998 deadline [for land line installations]. And, in order to be able to compete these days, a company needs to offer all services – local exchange, international gateway facility and cellular."

While cellular companies pause for breath and continue to install more land lines, fierce competition has yet to emerge in the form of an all-out tariff war. As obligations are reached and the market matures, however, pressure will grow to compete on price and to consolidate.

Justin Marozzi



Source: ING Barings Philippines Research Jan 1997

ASIA-PACIFIC NEWS DIGEST

Goodman Fielder may sell flour unit

Goodman Fielder, Australia's largest food manufacturer, last night declined to confirm reports that it was poised to sell Meneba, its European flour-milling business. Margins at Meneba, which was acquired in 1989, came under intense pressure in 1995, but its performance improved last year as flour prices rose. Revenues were put at about A$604m (US$473.5m) and Meneba's share of the European market has been estimated at 12 per cent.

Goodman Fielder unveils its interim profits today.

Nikki Tait, Sydney

DBS up 12.6% to S$669.5m

The Development Bank of Singapore, one of the city-state's big four banks, announced yesterday a 12.6 per cent rise in group net profits to S$669.5m (US$469m) for last year, in line with expectations. Mr Ng Kee Choe, president, said the bank expected double-digit growth annually for the next few years, and that it should achieve a target of S$1bn in net profits by 2000. Total loans and advances grew 17.5 per cent in 1996, to S$32.33bn.

James Kynge, Kuala Lumpur

Brierley slides at halfway

Brierley Investments yesterday reported a 32 per cent fall in after-tax earnings in the six months to December 31, to NZ$116m (US$81.5m), mainly because of reduced sales of assets and lower earnings from its 42.5 per cent owned subsidiary, Air New Zealand.

Terry Hall, Wellington

VSNL launches GDR issue

Videsh Sanchar Nigam (VSNL), India's only provider of international telecommunications, has launched what is expected to be the country's largest Global Depositary Receipt issue. The issue will see 37.8m GDRs offered to international investors, representing 18.9m underlying domestically listed shares.

If priced at the stock's closing price on Thursday of Rs1,075, the issue would raise Rs20.3bn ($580m), far surpassing the previous largest GDR offering by an Indian company.

Tony Tassell, Bombay

Colonial hit by downturn in Asian business

By Nikki Tait in Sydney

Colonial, the Australian financial services group which recently "demutualised", yesterday announced an A$120m (US$94.1m) profit after tax for 1996, down from A$169m the previous year.

The company, which is expected to list in the next few months, said 1995's "exceptional" performance at its Asian operations – mainly life assurance and pensions operations – had been not repeated.

Earnings from the region tumbled from A$37m after tax to a loss of A$2m. The reversal was blamed in part on currency fluctuations which cost the group A$12m, coupled with mounting economic difficulties in Thailand.

Colonial said investment earnings were down "significantly" because of the 35 per cent slump in the Thai stock market. Excluding Thailand, Asian investment earnings rose 48 per cent.

UK operations contributed A$19m, compared with A$28m previously. However, Colonial said the figure was "encouraging" given a less favourable investment climate and the effect of an appreciating Australian dollar.

The other disappointing area was the Jacques Martin pension fund administration and consulting business, which made a A$4m loss, compared with a A$9m profit previously. Colonial said this reflected a revaluation of the unit, together with "head office fee adjustments".

By contrast, the banking arm – comprising mainly the former State Bank of New South Wales – increased profits from A$109m to A$111m, despite growing competition. The Australasian insurance and superannuation division doubled profit to A$16m, while fund management contributed A$16m, compared with A$1m.

Funds under management grew 38 per cent to A$19.6bn, in part because of the acquisition of CIM Fund Managers from the Co-operative Bank in the UK, which brought in A$1.8bn.

The company intends to list its shares before June 30, and said the prospectus would contain more details on the outlook for 1997.

Although Colonial is based in Melbourne, about half of its policyholders are in the UK.

Dongbang affiliates eye hostile bid for Midopa

By John Burton in Seoul

Dongbang, the South Korean food group, yesterday said it was considering a hostile takeover bid for Midopa, one of the country's leading department stores. The move comes as Korea plans to ease restrictions on hostile takeovers from next month.

Two Dongbang affiliates – Shindongbang, a soyabean producer, and Korea Industrial, an animal feed company – notified the Seoul bourse that they would decide within the next month whether to launch the takeover bid.

The share price of Midopa has risen recently on speculation that it was a target of one of Korea's first hostile takeovers.

However, the share price of Midopa and its parent company Dainong – a construction group with a 32.86 per cent controlling interest in Midopa – fell sharply yesterday as trading of Shindongbang shares was suspended because of an investigation into possible insider trading.

Shindongbang has already acquired a 4.76 per cent stake in Midopa, while Korea Industrial has 8.9 per cent. In addition, a Malaysia-based foreign fund controlled by the Peregrine financial group of Hong Kong has obtained a 10.93 per cent stake in Midopa. Dongbang and Peregrine operate a joint venture securities firm in Korea.

Hopes for a takeover are likely to rest on Dongbang's persuading Sungwon Construction, which has a 12.63 per cent stake in Midopa, and other smaller shareholders to support the bid.

Midopa reported a net profit of Won2bn ($2.3m) in 1995 on sales of Won319bn.

Japan steel groups warn

By Michiyo Nakamoto in Tokyo

Japan's leading steel companies yesterday confirmed fears of a weaker-than-expected recovery with forecasts of lower profits for the year to March.

Nippon Steel, the largest, said output had been affected by high stock levels after a big increase in production in 1995, when the steel industry had expected high demand after the Kobe earthquake. Demand failed to materialise to the extent anticipated.

The company said that in spite of firm demand from the car and housing sectors, prices had not improved significantly in the domestic market this year, and had softened overseas.

Nippon Steel also has a semiconductor-manufacturing subsidiary, and the sharp fall in memory chip prices had an adverse affect on consolidated profits.

The company expects consolidated sales to be flat, at Y3,020bn ($24.9bn) against Y2,955bn, while pre-tax profits are forecast to fall 31 per cent to Y70bn.

Kobe Steel, which supplies copper sheet material to the semiconductor industry, was also affected by the decline in the electronics sector. The company plans to eliminate its deficit in the current fiscal year and forecasts a fall in consolidated profits, from Y58.7bn to Y20bn, on flat sales of Y1,490bn.

Elsewhere, Kawasaki Steel expects pre-tax profits of Y28bn, compared with Y14.2bn. Sumitomo forecasts profits of Y34bn, against Y29.4bn, while NKK expects flat pre-tax profits of Y43bn, after Y43.3bn a year earlier.

Mitsubishi and AIG in trust venture

By William Dawkins

Mitsubishi Trust, Japan's largest trust bank, yesterday announced plans to launch a joint investment trust management business with American International Group, the largest foreign insurer in Japan, by the end of this month.

Both companies declined to give details, but the plan was widely seen as a move to improve the partners' competitive position in Japan, ahead of government plans to scrap the barriers between banking, stockbroking and insurance as part of deregulation of the financial sector.

"It is an interesting straw in the wind," said Mr Clifford Shaw, president of Mercury Asset Management in Japan.

The Mitsubishi-AIG joint venture is to be capitalised at Y600m ($4.9m), of which 70 per cent will come from AIG and 30 per cent from Mitsubishi.

It is not the first Japanese joint venture in this field. Seven years ago, Nippon Credit Bank formed a joint venture with Gartmore Investment Management as part of its attempts to enter the international fund management market.

Recently, however, there has been speculation in Tokyo financial markets over a new wave of mergers and joint ventures since the government announced its deregulation plan last November.

Unlike its western counterpart, Japanese investment trust management has shrunk in recent years, possibly as a result of the decline in Japanese share prices at the turn of the decade.

Funds under management in Japanese investment trusts totalled Y52,900bn in March 1990, of which 78 per cent was in equities, according to industry figures. This had fallen to Y48,700bn by last December, of which just 31 per cent was in equities, as risk-averse clients increased investments in money market and bond funds.

The market also expects joint ventures between Japanese and foreign companies in pension fund management, which is not specifically covered by the AIG-Mitsubishi deal.

Japanese financial institutions have large retail networks, but suffer from a shortage of experienced managers to handle their vast pension assets at a time when a quickly ageing demographic profile points to an acceleration in pension-fund pay-outs.

Glaxo warns of earnings slowdown

By Daniel Green

Glaxo Wellcome, the UK's largest drugs company, warned yesterday that earnings per share growth could be flat until 1999.

Sir Richard Sykes, chief executive, blamed competition expected after the expiry of US patents for two of the company's best selling products, ulcer drug Zantac and herpes treatment Zovirax, this year.

But Sir Richard said earnings standstill was a "worst case scenario", assuming that patent litigation on Zantac's patents would go against the company.

And Mr John Coombe, finance director, said sales growth would recover sharply to "double-digit" percentage increases in 1999 and earnings growth would be substantial.

The increases would be delivered by new drugs such as Imigran for migraine and Aids drug Epivir.

The growth forecasts were made as the company published its 1996 results. These showed pre-tax profits rose 18 per cent to £2.96bn ($4.82bn) compared with analyst's expectations of about £3bn. The previous year's profit was £2.51bn, including nine months of Wellcome, which Glaxo took over in March 1995.

The company's shares rose 14p to 1049p.

On a pro-forma basis, sales rose just 6 per cent to £8.34bn, less than half the growth rate of many of Glaxo's rivals.

Pro-forma trading profit rose 18 per cent to £3.13bn owing to a fall in research and development spending from £1.2bn to £1.16bn.

R&D as a percentage of sales, a measure often used to compare pharmaceuticals companies, fell from 15.1 per cent to 13.9 per cent.

The company's net debt fell from £3.2bn to £1.98bn as a result of positive cash flow of £700m and a £500m net gain on its stake in a joint venture with US company Warner-Lambert.

Glaxo raised its full-year dividend from 30p to 34p, a 13 per cent increase.

Sir Richard said that Zantac sales fell as a result of competition even before the US patent expiry. Sales of gastro-intestinal drugs – almost entirely Zantac – fell 13 per cent to £1.95bn. US Zantac sales fell 21 per cent.

Sales in the company's second biggest category of respiratory drugs, mostly asthma drugs, rose 11 per cent to £1.76bn.

The star segment, nervous system drugs, increased sales by 47 per cent to £724m thanks to Imigran, a migraine drug whose sales rose 46 per cent to £539m: and "we're still reaching only 7 per cent of US migraine sufferers," said Sir Richard. Aids drugs' sales more than doubled to £479m.

Lex, Page 16

An attempt to lessen dependence

Daniel Green considers the company's prospects as the patents on its main drugs expire

It was a day of relapse and recovery for Glaxo Wellcome, the UK's biggest pharmaceuticals company.

The shares took ill in the morning when the company published its 1996 results. The figures were at the low end of the range of analysts' forecasts and Sir Richard Sykes, chief executive, warned that there could be no earnings per share growth for two years.

The shares' health was not helped by Tuesday's report from North American researchers that inhaled steroids, the mainstay of Glaxo's asthma business, could cause eye problems. A warning from Goldman Sachs that sterling's strength would damage profits also hurt.

But by the end of the day, many analysts and investors had been reassured by Sir Richard's declaration that forecasts of low growth represented "a worst case scenario" and that profitability would recover sharply by late 1998.

The shares duly rose, more than making up the ground lost earlier.

Such volatility is natural in a year which will see the shape of Glaxo Wellcome's business change profoundly.

The company's two most important products, ulcer drug Zantac and herpes drug Zovirax, are set to lose patent protection in the US over the next few months.

Sir Richard said that Zantac sales in the US could fall by 80 per cent as new competitors are launched, and that "the Zovirax business will go very quickly".

The sums involved are huge. Zantac sales in the US alone last year were more than £1bn, while Zovirax brought in £313m from the US. Between them, they accounted for 16 per cent of the £8.34bn turnover.

The company has, of course, known about the likely impact of the patent expirations for years. In Zantac's case, the strategy has been to reduce dependence on the drug: in 1990, Zantac accounted for almost half Glaxo's entire turnover; last year it was 23 per cent, thanks largely to the products acquired with Wellcome in 1995.

A second strategy has done less well. An "improved" Zantac called Pylorid (which include a component that kills bacteria that contribute to ulcers) has had a slow start, with sales last year of only £15m. Glaxo says it hopes for better sales after presenting new results of clinical trials at a conference in May. The attempt to switch patients on to a newer product has fared better with Zovirax. Sales of super-Zovirax, called Valtrex, more than doubled to £41m last year.

> **'Growth until 1999 will be flat, while the rest of the industry is growing quickly. A lot can happen before then'**

Sir Richard said that in the worst case, Zantac and Zovirax sales would fall so far that strong performances from the company's newer drugs would be masked.

The star new product is Imigran, the migraine treatment. A sales increase of almost 50 per cent in a product selling more than £500m a year is spectacular even for the drugs industry.

The ride will not continue smoothly: the first serious competition for Imigran is likely to emerge over the next year, although Glaxo itself has a follow-up drug in its pipeline.

By contrast, new drug rivals have rescued Glaxo's Aids drugs portfolio. Sales of AZT had stagnated for several years amid side-effect problems and a low success rate. A newer drug Epivir, performed equivocally in clinical trials.

But the medical effectiveness of both has been dramatically improved by the launch of new Aids drugs called protease inhibitors from such companies as Merck and Abott Laboratories in the US and Switzerland's Roche. Combinations of protease inhibitors with Glaxo's two drugs have been credited with leading to the first fall in US deaths from Aids, announced last week.

And Glaxo has two powerful weapons lined up for the next two years. One is its own protease inhibitor, and the other is a tablet that combines AZT and Epivir, making it easier to take and helping protect it against competition.

On top of that, Sir Richard insisted that asthma drug sales would not be affected by the reports of steroid risks. US doctors have been wary of steroids for many years because of potential side-effects, but the mood in the US medical profession is changing and steroid sales are growing.

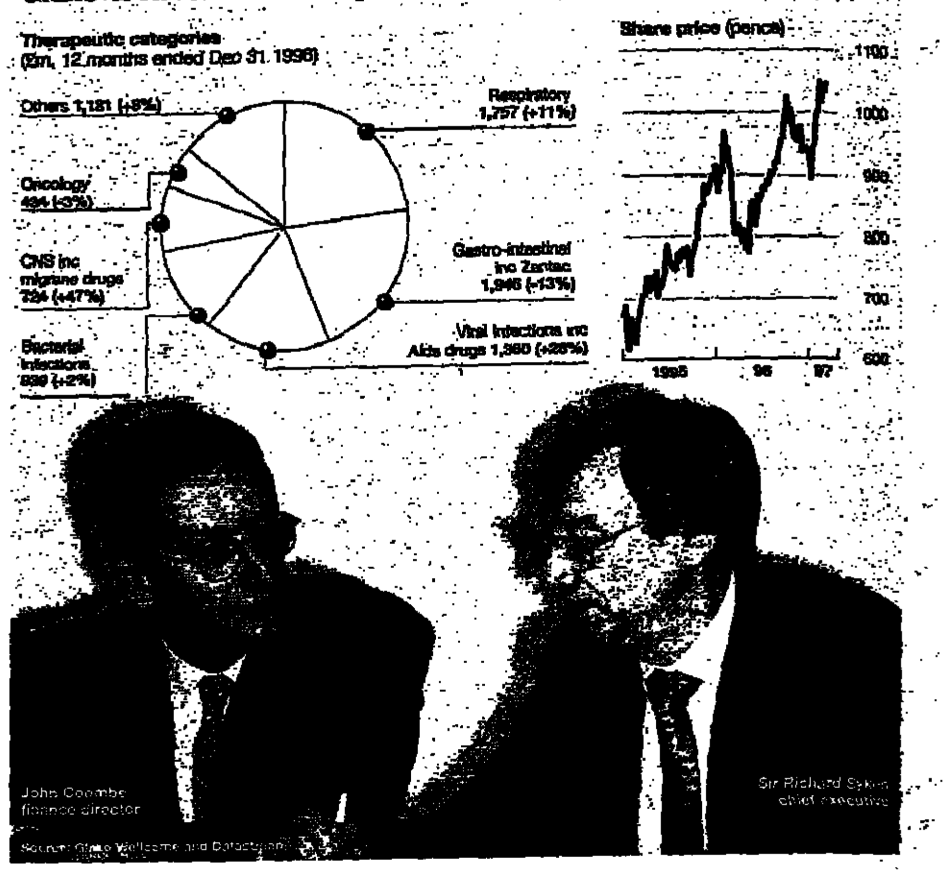
The prospects for the Aids, asthma and migraine drugs tempted several analysts to view yesterday's announcements positively.

Mr Steve Plag, pharmaceuticals analyst at BZW, said that when the declines in Zantac and Zovirax dropped out of the year-on-year comparisons in 1999, growth would be "double-digit percentage points with no significant further patent expiries for many years."

This echoes the view of Mr John Coombe, Glaxo's finance director, who is pinning his faith on Imigran and Epivir.

Mr Mark Tracey of Goldman Sachs pointed to the shares' yield of more than 4 per cent and added that US investors were likely to buy Glaxo, as the prospect improved nearer 1999. Th[e] US shareholding had falle[n] to 9.5 per cent compare[d] with a peak in April 1992 [of] 28 per cent.

But a third analyst cau[tioned] against uncritica[l] acceptance of management['s] optimism. "Forecasting the far out is risky. Growth unt[il] 1999 will be flat, while th[e] rest of the industry is grow[]ing quickly. A lot can hap[]pen between now and 1999.



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 07.03.97 Pool purchase price £/MWh	Final Prices for Trading on 07.02.97 Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.43	12.01	12.0
0100	16.36	13.00	14.8
0130	25.89	13.01	14.9
0200	25.89	31.42	33.5
0230	17.94	27.76	29.7
0300	17.94	13.01	14.9
0330	16.36	13.01	14.9
0400	16.36	12.01	12.0
0430	15.43	12.01	12.0
0500	11.67	12.01	12.0
0530	11.67	11.67	11.8
0600	11.67	11.67	11.8
0630	16.91	12.00	12.0
0700	20.86	12.00	12.0
0730	27.34	25.58	27.5
0800	27.34	31.87	33.8
0830	24.56	31.87	33.8
0900	31.83	31.87	33.8
0930	29.50	67.65	69.5
1000	31.83	67.65	69.6
1030	31.83	42.80	44.7
1100	31.83	37.86	39.8
1130	31.83	37.86	39.8
1200	31.83	37.87	39.8
1230	31.83	42.79	44.7
1300	31.83	42.79	44.7
1330	24.80	31.87	33.8
1400	24.56	28.59	30.6
1430	22.55	28.59	30.5
1500	22.55	28.59	30.5
1530	22.55	28.59	30.5
1600	11.89	28.59	30.5
1630	22.55	28.60	30.5
1700	23.89	28.73	30.7
1730	27.34	53.25	55.3
1800	39.18	67.90	69.9
1830	28.76	67.79	69.8
1900	48.92	47.46	49.4
1930	50.08	41.59	43.9
2000	49.80	35.76	37.7
2030	39.17	28.59	30.5
2100	27.34	25.58	27.5
2130	23.89	16.57	18.5
2200	23.89	13.20	15.1
2230	20.86	14.26	16.2
2300	20.86	11.67	11.8
2330	11.67	11.68	11.8
2400	11.63	11.68	11.8

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.[illegible]/MWh becomes 1.8[illegible]p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 5:15pm Monday to Friday.
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Pre-tax profits fall 13% to £1.26bn after restructuring costs at the UK's biggest conglomerate

Strachan completes reshuffle at BTR

By Ross Tieman

Mr Ian Strachan, BTR chief executive, yesterday announced the departure of former managing director Mr Alan Jackson from the board of Britain's biggest conglomerate, and the appointment of two independent-minded non-executive directors, Mr Simon Robertson and Mr Alain Gomez.

Mr Robertson resigned last week as chairman of Kleinwort Benson Group, the merchant bank, after a row with Dresdner Bank, its German parent. Mr Alain Gomez retired last year as chairman and chief executive of Thomson-CSF, the French defence electronics group, after a confrontation with the French government over plans for a closer alliance with General Electric.

Their appointments complete Mr Strachan's strategy of replacing the former BTR bosses with businessmen who have built a reputation elsewhere.

The boardroom reshuffle accompanied preliminary figures for the year to December 31. Pre-tax profits at BTR fell 13.4 per cent to £1.26bn ($2.05bn) under the impact of business disposals and restructuring launched by Mr Strachan in a drive to revitalise the group.

As part of his overhaul, Mr Strachan identified businesses with sales totalling £2.3bn for disposal. Some £1.75bn of this target has already been achieved. As a result, group sales fell £247m to £9.53bn.

Under BTR's new strategy, four core areas have been identified for growth: automotive components, power drives, process control equipment, and packaging and materials. Together with three areas of regional strength – in specialist engineering, building products and polymers – these generated sales 11 per cent higher at £8.4bn.

After £225m of provisions for restructuring, operating profits from ongoing businesses and acquisitions were unchanged at £1.42bn.

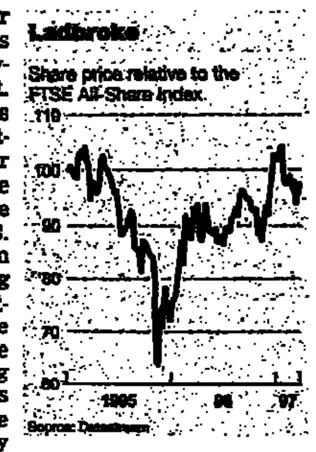
In accordance with its warning last year, BTR has cut its final dividend to 5.9p, making 9.6p for the year, down from 14.7p.

The shares added 7p to 259½p.

Lex, Page 16

LEX COMMENT

Ladbroke



What a difference a year makes. Twelve months ago, Ladbroke was everyone's favourite bid target. Its betting business was losing to the National Lottery, and it had no clear hotel strategy because someone else owned the Hilton brand in the US. Now, gaming deregulation is kicking in, while betting products linked to the Lottery have helped Ladbroke get its own back. More important, a marketing deal with Hilton Hotels Corp (HHC) has united the Hilton brand. This may not reap the cost benefits of a full merger, but it underpins growth.

There is plenty more for Ladbroke management to do. The group generated no free cashflow after stripping out property disposals and dividends, and interest cover in 1997 will be little more than four times. It needs to sell further hotel properties to release capital for building up a more cash generative hotel management business.

However, the real excitement lies across the Atlantic. Mr Stephen Bollenbach, HHC's supremo, is supporting Ladbroke shares with far more than his promise to buy a stake. HHC's $6.5bn ITT bid could provide Ladbroke with management contracts for more non-US hotels. And by massively expanding HHC's gaming business it could bring Ladbroke the US casino investments it has failed to find on its own. Finally, since Ladbroke is key to HHC's vision of the consolidation in global hotels, a full bid must be a possibility. But even if Mr Bollenbach does nothing, the shares still offer value.

GKN rise fuels expansion plan

By Tim Burt

GKN, the motor components, defence and industrial services group, yesterday defied flat automotive markets and adverse currency movements by announcing a 13 per cent increase in full-year profits.

The company reported pretax profits up from £322.4m last year to £362.8m ($591.4m) on turnover of £3.38bn (£3.01bn) – achieved after a £30m shortfall on currency translation.

Mr CK Chow, announcing his first results as chief executive, said a near-record trading performance from the group's three main divisions meant it could proceed with "ambitious plans to increase sales in emerging markets and exploit outsourcing opportunities from industrial customers".

That strategy, he added, would not be hampered by the loss of a lawsuit in the US, where GKN has been convicted of defrauding franchisees of Meineke Discount Mufflers, its specialist exhaust retailer.

A judge in Charlotte, North Carolina, yesterday awarded $591m in damages against the company, raising an initial jury award of $347m. The ruling was higher than GKN's worst-case scenario of $554m, but less than the $740m sought by the Meineke franchisees' lawyers.

GKN yesterday confounded some analysts by not including any provisions for those damages. The company, which is expected to appeal against the verdict, said it would await a final judgment before making such provisions. The uncertain timing of that has persuaded GKN to announce a second interim dividend of 16.9p rather than a final.

Mr David Turner, finance director, said the scheme would avoid any delay in paying shareholders, who would receive a total dividend of 26.5p (24p). The increase partly reflected GKN's strong cash performance and improvements in working capital, he added. Operating cash flow rose from £272m to £353m.

Given an anticipated Meineke provision of about £250m, most analysts predicted GKN should have sufficient resources to fund its expansion plans.

Mr Chow said the group would seek supplier deals for its automotive and agritechnical division. He also identified possible bolt-ons in the aerospace and special vehicles division, and is considering investment to establish an industrial services presence in North America.

Brendan Corr

CK Chow (left) and David Turner: near-record trading

Ladbroke keeps eye on Clubs bid

By Scheherazade Daneshkhu

Ladbroke said yesterday that it was "watching carefully" the hostile bid by London Clubs for Capital Corporation, its smaller rival in the London casino market.

But Mr Peter George, chief executive of Ladbroke, refused to say whether his hotel and betting group would make a counter-bid to London Clubs' 47-for-100 all-paper offer, which values Capital at £183m ($298m).

Leisure analysts yesterday lengthened the odds on Ladbroke – which wants a fifth London casino – entering the bidding.

Mr George also said that Ladbroke had not yet decided whether to issue new shares to satisfy the demand for a 5 per cent stake from the California-based Hilton Hotels Corporation, with which it has an alliance. He did not know when Hilton Hotels intended to take the stake. At yesterday's closing market value of £2.77bn, 5 per cent is worth £139m.

Pre-tax profits at Ladbroke fell from £95.4m to £59.2m in 1996 after exceptional charges of £103.8m. The rise was driven by buoyant trading in its Hilton International hotels.

Aerospace spurs Rolls-Royce rise

By Michael Skapinker, Aerospace Correspondent

Rolls-Royce yesterday cheered the market by raising its total dividend from 5p to 5.3p – the first increase since 1991.

Its shares closed at 255p, up 16p, the best performance yesterday from a FTSE 100 company.

The City was also encouraged by the prospect of the sale of Parsons Power Generation Systems and International Combustion.

Sir Ralph Robins, chairman, said his group had received a number of offers for the businesses, which would be sold separately.

Sir Ralph said Rolls-Royce would continue to work for consolidation of the aero engines business in Europe, although an approach to Snecma of France to work on the Trent 900 "super jumbo" engine had been rejected.

The group made a pre-tax loss of £28m ($45.6m) in 1996 after charges of £263m relating to Parsons and International Combustion.

Most of the increase in profit from continuing activities came from the aerospace side. Some £24m of the improvement came from the first full-year contribution from Allison, the US acquisition.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Amco Φ	Yr to Dec 31	151.8¤	(97.6¤)	3.75	(1.2)	19.6	(7.9)	4	July 1	3.5	6	5
Arjo Wiggins	Yr to Dec 31	3,572	(3,566)	133.9♠	(72♠)	10.2	(2.3)	4.6	May 28	4.6	7.5	7.5
BTR	Yr to Dec 31	9,531	(9,778)	679♠	(1,503♥)	10.7†	(26)	7‡	June 2	9.15	12‡	16.075‡
Clarke (T)	Yr to Dec 31	48.3	(50.2)	1.16	(1.21L)	5.89	(7.02L)	3.256	May 6	2.81	4.884	4.07
Cookson	Yr to Dec 31	1,878	(1,800)	44.6♠	(168.3♠)	1†	(16)	4.7	May 30	4.5	8.6	8
Galliford	6 mths to Dec 31 ★	90	(89.9)	0.522	(0.42)	0.39	(0.32)	0.5	Apr 4	0.5	-	1
Glaxo Wellcome	Yr to Dec 31	8,341	(7,638)	2,964	(2,505)	56.7†	(50.3)	19‡	May 20	15	34‡	30#
GKN	Yr to Dec 31 ★	3,337	(3,305)	362.8♠	(322.4♠)	65	(53.9)	16.9♦	May 16	15.25	26.5	24
Hambro Countrywide	Yr to Dec 31	200.4	(150.5)	30.8	(3.89L)	8.42	(2.16L)	1.5	July 7	nil	2	nil
Hillsdown	Yr to Dec 31 ★	3,209	(3,453)	128.8♠	(121♠)	13.5	(6.8L)	7.8	July 1	7.3	10	9.5
ILP ♣	Yr to Dec 31	11.9	(12.4)	1.07	(1.05)	4.13†	(6.3)	1.32	May 30	-	1.98	-
Kode Intl	Yr to Dec 31	18.3	(19.4)	0.937♠	(1.42)	6.3	(9.9)	1.75	May 29	1	2.5	1
Ladbroke	Yr to Dec 31	3,825	(3,848)	59.2♠	(95.4♠)	1.76	(5.14)	3.8	June 2	3.6	6.2	6
Mallett	Yr to Dec 31	11.2	(9.9)	1.63	(1.23)	7.68	(5.86)	2.7	May 23	2.3	3.8	3.4
More	Yr to Dec 31	102.7	(87.3)	13♠	(15)	21.1†	(29.5)	11.4	May 12	10.4	15	13.8
Mowlem (John)	Yr to Dec 31	1,409	(1,457)	16.7♠	(30L♠)	8.1	(17.6L)	2	-	2	3	2
Ocean	Yr to Dec 31	1,142	(1,131)	63♠	(32.9♠)	28.2	(10.4)	10.2	June 2	9.62	15.2	14.33
Parkwood	Yr to Dec 31	19.3	(16.6)	0.982	(0.909♠)	3.1	(3.1)	-	-	-	-	-
Prestwick	6 mths to Feb 2	18.9	(17.6)	0.71	(0.127)	1.13	(nil)	0.3	June 18	nil	-	0.5
Rolls-Royce	Yr to Dec 31	4,291	(3,597)	28L♠	(175♥)	3.19L†	(10.25)	3.3	July 7	3	5.3	5
Royal Sun Alliance	Yr to Dec 31	9,360□	(9,403□)	648	(1,031♠)	29.7	(52)	12.5	July 1	-	19	16.3§
Select Appointm'ts	Yr to Dec 31	369.9	(226.7)	19.9	(12.5)	18.2†	(13.3)	2	-	2.5	3	2.5
Shoprite	Yr to Dec 28	36.5	(31.1)	3.55♥	(0.106♥)	4.51	(0.89L)	nil	-	nil	nil	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Latin American $	Yr to Dec 31 ★	234	(185.5)	0.875L	(0.578L)	1.17L	(0.77L)	nil	-	nil	nil	nil

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ΦAim stock. ¤Corrected. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡Includes Foreign Income Dividend element. ★Comparatives restated. #Annualised. ♦Second interim in lieu of final. ♣Irish currency. □Net premiums written. §On weighted average basis. $US currency.

Currency strength lifts sterling deals

INTERNATIONAL BONDS

By Samer Iskandar and Conner Middelmann

Nervousness ahead of today's release of US employment data weighed on issuance of dollar-denominated paper yesterday, while sterling's continued strength on the foreign exchange markets and the high yields available fostered demand by risk-averse investors.

St George Bank launched $500m of five-year notes paying a floating rate of interest to take advantage of dollar investors' fears of a rate increase in the US.

The offering was the largest yet by the Australian bank, whose credit ratings were recently upgraded to A3 and A by Moody's and S&P, respectively, when it became the country's fifth largest bank following its merger with Advance Bank.

UBS, which jointly led the issue with BZW, said the transaction benefited from "perfect timing."

The sterling sector saw brisk activity, with £375m of new bonds hitting the market.

BGB Finance made its debut offering, £150m of 15-year bonds aimed at institutional investors.

"We have achieved all our goals for a debut issue," said Mr Martin Müller, head of international funding for the BGB Group. One of these aims, he said, was to establish a name for BGB as an international borrower.

"This is the first subordinated Landesbank deal that's really cracked the institutional market in the UK," an official at lead manager SBC Warburg said.

SBC said the bonds were placed mainly with UK institutions such as pension funds and insurance companies, with two-thirds of the amount going to investors that had met the borrower earlier this week.

It added that investors took comfort from the combination of federal support for the individual German states and state support for the debt of individual Landesbanks, which implies that that every Landesbank enjoys the ultimate support of the federal government.

BGB Finance enjoys the same state support as Landesbank Berlin, as a result of guarantees issued by Landesbank Berlin, Berliner Bank and Bankgesellschaft Berlin, for which it is the principal financing vehicle.

Moreover, the lead manager said, investors liked the fact that BGB's credit ratings of AAA and Aa1 from IBCA and Moody's, respectively, are the same on senior and subordinated bonds.

"This means investors get a high-quality issue with a bit more spread than on a senior bond," the official said.

Nikko Europe lead managed the two other sterling deals, for Bank Austria and the Export Development Corp. The first was entirely placed with Japanese retail investors, while the second was sold in Europe.

Nikko said retail demand was "the main driving force" in the sterling sector, with investors preferring to avoid the US dollar. "Sterling is decoupled from other markets, and is not affected by the prevailing nervousness," an official at Nikko said. "From the borrowers' point of view, the end-cost is reasonable thanks to favourable arbitrage opportunities in swaps."

● The Philippines monetary board yesterday approved two proposals by the World Bank and the International Finance Corporation to issue offshore financial instruments denominated in pesos, such as europeso notes, Reuter reports from Manilla.

"The launching of europeso securities by these supranationals is expected to further stimulate investor interest in the country and attract foreign fund managers to take on the currency risk, given the issuers' triple-A credit ratings," said Mr Gabriel Singson, governor of the central bank.

Each institution will issue between 2.5bn and 4bn pesos of notes with maturities of up to five years.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
St George Bank‡	500	(a)	99.708R	Mar 2002	0.175R	-	BZW/UBS
D-MARKS							
Banca di Roma, London‡	300	(b)	99.678R	Apr 2002	0.20R	-	SBC Warburg
European Inv'ment Bank(c,s)	100	4.50	101.315	Dec 2001	1.375	-	CSFB/SBC Warburg
STERLING							
BGB Finance (Ireland)(s)	150	8.00	99.253R	Dec 2012	0.50R	+45(8%Aug12)	SBC Warburg
Bank Austria(s)	125	6.75	99.632R	Dec 1999	0.1875R	+15(6%Aug99)	Nikko Europe
Export Development Corp★	100	6.00	100.00	Nov 1998	0.50	-	Nikko Europe
SWISS FRANCS							
City of Vienna(s)★	150	2.75	102.00	Jan 2003	2.25	-	Deutsche Morgan Grenfell
Badenwerk‡	100	(d)	99.20	Apr 2005	1.00	-	Deutsche Morgan Grenfell
LUXEMBOURG FRANCS							
Genfinance Luxembourg	2bn	6.00	101.50	Apr 2007	2.00	-	BGL
ESCUDOS							
European Inv'ment Bank(e,s)	20bn	5.75	95.322	Feb 2007	2.45	-	Banco CISF

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. R: Fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor +⅛%. b) 3-mth Libor +6¼bp. Long 1st coupon. c) Fungible with DM400m. Plus 37 days accrued. d) 6-mth Libor flat. e) Issuer may redenominate in euros upon Emu. s) Short 1st coupon.

Egyptian bank seeks $100m loan

By Mark Huband in Cairo

Egypt's Commercial International Bank is to seek a $100m syndicated loan as part of an extensive refinancing strategy that will include applying for a debt rating and making a securitised eurobond issue before the end of this year.

CIB, Egypt's largest private sector joint stock investment bank, has retained Chase Manhattan and UBS to arrange the loan – the first of its kind to an Egyptian bank.

It is planning to approach an international credit rating agency – thought to be Standard & Poor's – for a rating, which will allow it to access the international loan and bond markets. The bank will be looking to match S&P's triple-B long-term and A-3 short-term sovereign credit ratings awarded to Egypt in January.

"We're tapping into the expected financial inflows into Egypt, starting with the syndicated loan," said Mr Adel El-Labban, CIB managing director. "To raise any form of medium-term finance for the amount we're talking about would not have been possible a year ago. It actually started being possible towards the end of last year, or early this year."

Mr El-Labban said that the bank needed to look at non-Egyptian sources of medium-term finance in order to sustain growth. "So we will also be seeking funds from floating or fixed-rate loan issues in both Egypt and abroad, as well as considering a floating rate Egyptian pounds issue later this year."

According to HSBC James Capel, CIB had a loan-to-deposits ratio of 95 per cent in 1995, but has sustained its strength through a solid loan portfolio with assets of E£12.3bn ($3.6bn). It expects net profits of E£272m in 1997. Since last year, its shares have traded as Global Depositary Receipts in London and also enjoy a healthy price locally. They traded in Cairo at E£91.01 yesterday, up 1.1 per cent on the day.

"We successfully tapped the GDR markets last year, which opened up a base for us for future capital increases," Mr El-Labban said.

"At present we do not need incremental capital so we are essentially making the business grow through our domestic branch network in Egypt to generate more deposits, and we are increasing our network by seven additional branches during the year."

He said that if the bank obtained the credit rating it was aiming for and market conditions were favourable, it would "in the second half of the year explore doing a debt security issue in the euromarkets".

● Ten international finance houses have submitted bids to lead-manage the $200m share issue in Egypt's largest private-sector bank, scheduled to be sold as GDRs by 30 June.

Between 15 per cent and 20 per cent of Misr International Bank (Mibank) is to be sold by Banque Misr, the state-owned bank which owns 44.8 per cent of Mibank but must sell its portfolio as part of the government's privatisation programme.

Europe marks time ahead of US data

GOVERNMENT BONDS

By Richard Adams in London and Richard Waters in New York

With yesterday's main action taking place on the equity and currency markets, international government bond markets looked for direction from economic data.

Today's publication of the latest US employment data, notably the non-farm payroll figures, cast a long shadow over the European markets, which failed to respond to economic figures in the UK and Germany.

US Treasury bond prices also lost ground in thin morning trading, as investors and traders awaited the employment report.

UK gilts rose slightly, after the latest survey from the Confederation of British Industry suggested few signs of overheating in the domestic market. The December 2006 benchmark gilt was up $\frac{3}{32}$ to 101$\frac{7}{16}$, while on Liffe, the front long gilt future contract rose $\frac{1}{16}$ to 111$\frac{28}{32}$. The long gilt/equity yield ratio slipped to 2.10 from 2.12.

Mr Kevin Adams, gilts strategist at BZW in London, said there was little activity in the gilts market, with some volume coming from rolling over futures contracts from March to June. He said gilts had been held back by the nervous US market this week.

"The numbers in the [UK] economy are looking good for gilts, with core inflation looking like 2.5 per cent mid-year," he said. BZW recently revised its year-end base rate forecast from 7.0 per cent to 6.75 per cent, on the basis of strong sterling and lower GDP forecasts.

German bunds fell slightly, with the June contract down 0.13 to 101.67. The fall came against general D-Mark weakness in the currency markets and strong new manufacturing orders for January.

The month-on-month rise of 2.4 per cent was above most expectations, leading analysts at UBS in Frankfurt to comment: "We feel that the time of monetary easing is over. However, there is little reason to expect an early rate hike from the Bundesbank."

The Bundesbank said yesterday it would keep its main repo rate unchanged by setting its next two securities repurchase tenders at a fixed 3.0 per cent rate.

Italian BTPs rose, helped by a firmer lira against the D-Mark. BTP futures on Liffe jumped a full point on the day, but settled back to 127.10, a rise of 0.61.

European markets may get a lift today from the publication by Eurostat, the European Union statistical agency, of harmonised inflation figures for all 15 EU member economies.

Analysts at Nikko Europe in London said the harmonised measure may report lower inflation numbers in some markets, and thus give a boost to bonds.

In New York, US Treasury prices slipped across the yield curve, erasing some of the gains of the day before, as the market's mood remained nervous.

The benchmark 30-year bond was down ¼ at 97$\frac{5}{32}$, pushing the yield back up to 6.844 per cent. Two-year notes were off $\frac{1}{32}$ at 99$\frac{5}{8}$, giving a yield of 6.095 per cent, while five-year paper lost $\frac{1}{16}$ to trade at 99$\frac{5}{16}$, for a yield of 6.406 per cent.

Today's data are generally expected to show an increase in non-farm employment of around 225,000 in February, and a decline in the unemployment rate to 5.3 per cent, from 5.4 per cent in January.

After recent warnings from Mr Alan Greenspan, Federal Reserve chairman, about the tightness in the US labour market, a strong rise in employment could point to an early rise in interest rates, traders fear.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	92.9754	+0.193	7.79	7.67	7.43
Austria		5.625	01/07	99.9000	+0.070	5.64	5.55	5.84
Belgium		6.250	03/07	103.9100	+0.100	5.73	5.64	5.75
Canada *		7.000	12/06	104.0000	+0.140	6.44	6.39	6.73
Denmark		8.000	03/06	111.2600	-	6.33	6.22	6.33
France	BTAN	5.500	10/01	104.2313	-	4.48	4.37	4.53
	OAT	6.500	10/06	107.3800	-0.060	5.50	5.33	5.65
Germany Bund		6.000	01/07	102.4300	-0.050	5.67	5.54	5.80
Ireland		8.000	08/06	109.5900	-0.060	6.60	6.41	6.69
Italy		7.750	11/06	102.6200	+0.790	7.36†	7.20	7.13
Japan	No 143	6.300	09/01	121.5744	+0.263	1.32	1.35	1.30
	No 182	3.000	09/05	104.5705	+0.335	2.36	2.39	2.35
Netherlands		5.750	01/07	101.4800	-0.100	5.43	5.32	5.60
Portugal		9.500	02/06	117.2500	-1.250	6.87	6.70	6.67
Spain		7.350	03/07	102.2300	+0.330	6.97	6.74	6.70
Sweden		8.000	08/07	108.4234	+0.155	6.84	6.78	6.85
UK Gilts		8.000	12/00	103-25	+2/32	6.84	6.78	7.02
		7.500	12/06	101-14	+3/32	7.29	7.16	7.49
		9.000	10/08	112-14	+1/32	7.38	7.26	7.56
US Treasury *		6.250	02/07	97-17	+4/32	6.59	6.54	6.65
		6.625	02/27	97-06	+9/32	6.85	6.79	6.92
ECU (French Govt)		7.000	04/06	107.0700	-0.080	5.97	5.80	5.98

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.09
Prime rate	8¼	Two month	-	Three year	6.24
Broker loan rate	7	Three month	5.19	Five year	6.41
Fed.funds	5$\frac{5}{16}$	Six month	5.39	10-year	6.57
Fed.funds at intervention	-	One year	5.69	30-year	6.83

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	131.32	131.26	-0.28	131.44	131.14	169,313	109,742
Jun	130.06	130.02	-0.28	130.20	129.92	18,686	45,338
Sep	128.42	128.38	-0.28	128.48	128.40	114	1,820

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
128	2.13	-	2.57	0.11	0.32	0.57
129	1.30	-	1.87	0.28	0.56	0.86
130	0.64	0.98	1.27	0.62	0.96	1.25
131	0.25	0.53	0.80	1.22	1.51	1.77
132	0.07	0.25	0.47	2.05	2.22	2.44

Est. vol. total, Calls 21,551 Puts 27,018. Previous day's open int., Calls 104,262 Puts 125,285.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	101.97	101.67	-0.13	102.02	101.58	201235	243205
Sep	100.90	100.82	-0.13	100.90	100.90	100	487

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
10150	0.60	1.00	1.22	1.27	0.43	0.83	1.05	1.95
10200	0.35	0.73	0.96	1.05	0.68	1.06	1.29	2.23
10250	0.18	0.51	0.72	0.87	1.01	1.34	1.55	2.55

Est. vol. total, Calls 22878 Puts 22894. Previous day's open int., Calls 164385 Puts 180992

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	126.80	127.10	+0.61	127.49	126.65	69515	98453
Sep	126.92	127.02	+0.62	127.40	126.60	368	1684

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
12700	2.03	2.90	1.93	2.88
12750	1.76	2.63	2.16	3.11
12800	1.50	2.37	2.40	3.35

Est. vol. total, Calls 3915 Puts 7061. Previous day's open int., Calls 69891 Puts 72838

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.95	112.07	+0.31	112.40	111.75	92,281	53,702
Jun	112.10	112.27	+0.31	112.55	112.00	6,317	28,162

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	111-30	111-28	+0-01	112-07	111-27	4657	40612
Jun	111-14	111-13	+0-02	111-25	111-09	56114	180106

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
111	0-56	1-35	1-58	2-28	0-32	1-09	1-32	2-32
112	0-27	1-04	1-25	1-63	1-01	1-42	1-63	3-03
113	0-10	0-44	0-63	1-38	1-48	2-18	2-37	3-42

Est. vol. total, Calls 836 Puts 926. Previous day's open int., Calls 63259 Puts 28629

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	96.98	96.88	-0.30	97.04	96.84	1,447	5,979
Jun	95.44	95.40	-0.32	95.54	94.94	100	553

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	110-12	110-17	+0-03	110-23	110-11	21,550	186,946
Jun	109-27	110-01	+0-03	110-06	109-27	374,921	328,314
Sep	109-28	109-21	+0-04	109-26	109-21	193	12,020

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	126.93			126.94	126.82	998	n/a
Jun	125.40			125.40	125.27	2360	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Mar 6	Day's change %	Wed Mar 5	Accrued interest	xd adj. ytd
1 Up to 5 years (19)	121.02	0.05	120.96	2.28	2.45
2 5-15 years (21)	151.58	0.08	151.46	2.66	1.93
3 Over 15 years (6)	172.71	0.04	172.64	4.28	2.31
4 Irredeemables (5)	199.52	-0.63	200.77	3.81	1.00
5 All stocks (51)	145.68	0.06	145.59	2.84	2.25
Index-linked					
6 Up to 5 years (2)	205.97	0.03	205.92	2.56	0.00
7 Over 5 years (10)	197.61	-0.08	197.76	1.04	1.81
8 All stocks (12)	197.42	-0.06	197.54	1.20	1.61

	Low coupon yield Mar 6	Mar 5	Yr. ago	Medium coupon yield Mar 6	Mar 5	Yr. ago	High coupon yield Mar 6	Mar 5	Yr. ago
5 yrs	6.96	6.97	7.20	7.03	7.05	7.26	7.06	7.08	7.33
15 yrs	7.47	7.46	8.08	7.47	7.47	8.09	7.40	7.47	8.20
20 yrs	7.55	7.53	8.18	7.52	7.52	8.17	7.42	7.49	8.27
Irred.†	7.63	7.58	8.21						

	Inflation 5% Mar 6	Mar 5	Yr. ago	Inflation 10% Mar 6	Mar 5	Yr. ago
Up to 5 yrs	3.13	3.13	2.81	2.44	2.43	1.54
Over 5 yrs	3.48	3.47	3.71	3.28	3.27	3.51

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Mar 6	Mar 5	Mar 4	Mar 3	Feb 28	Yr ago	High*	Low*
Govt. Secs. (UK)	95.55	95.67	96.01	95.84	96.12	93.39	96.74	91.59
Fixed Interest	119.35	119.77	119.77	119.64	119.87	111.92	120.18	110.74

Gilt Edged Activity Indices

	Mar 5	Mar 4	Mar 3	Feb 28	Feb 27
Gilt Edged bargains	NA	NA	73.3	102.3	77.4
5-day average	NA	NA	93.6	96.1	96.0

 * for 1996/97. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 6

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	98½	98¾	+¼	6.80
ABN Amro Bank 7¼ 05	1000	101⅛	101⅜	+⅛	7.19
African Dev Bk 7⅝ 23	500	99⅜	99¾	+⅜	7.43
Alberta Province 7⅝ 98	1000	102	102¼		6.29
Asian Dev Bank 6¾ 05	750	96⅝	96⅞		6.89
Austria 8½ 00	400	105⅛	105⅜		6.48
[illegible]					
Spain 7¼ 03	4000	110⅝	110⅞	-¼	5.14
Volkswagen Intl Fin 7 03	1000	108¼	108½	-¼	5.40
World Bank 5⅞ 08	3000	104⅝	104¾	-¼	5.04
World Bank 6⅛ 02	3000	105	105	-¼	4.86
World Bank 7⅛ 05	3000	110⅛	110¼	-¼	5.54
SWISS FRANC STRAIGHTS					
[illegible]					
Abbey Natl Treasury 8 03 £	1000	102⅞	102½		7.48
British Land 8⅞ 23 £	150	102⅝	103	-⅛	8.61
Denmark 6¾ 98 £	800	100¼	100⅜	+⅛	6.53
Depfa Finance 7⅛ 03 £	500	97⅞	98⅛		7.53
EIB 8 03 £	1000	103½	103⅝		7.27
Finland 7 00 £	500	100¾	100½		6.80
Glaxo Wellcome 8¾ 05 £	500	105¾	106	-⅛	7.81
[illegible]					

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
[illegible]						

Anglovaal Limited

Reg. No. 05/04580/06
(Incorporated in the Republic of South Africa)

Interim report and dividend announcement for the half-year ended 31 December 1996

Group income statement

	Unaudited Half-year ended 31 December 1996 Rm	1995 Rm	Increase/ (Decrease) %	Restated Year ended 30 June 1996 Rm
Turnover	8 739,1	7 569,7	15	15 510,3
Operating profit before depreciation	799,4	669,0	19	1 421,5
Depreciation	174,1	156,9	11	309,7
Operating profit	625,3	512,1	22	1 111,8
Income from investments – dividends	12,8	11,0	16	20,4
Profit before exceptional items	638,1	523,1	22	1 132,2
Exceptional items	54,6	49,5	10	102,2
Profit before taxation	692,7	572,6	21	1 234,4
Taxation	160,5	161,7	(1)	310,8
Profit after taxation	532,2	410,9	30	923,6
Equity accounted earnings	90,0	107,5	(16)	202,9
Profit after taxation including equity accounted earnings	622,2	518,4	20	1 126,5
Attributable to outside shareholders of subsidiaries	274,9	250,8	10	619,5
Earnings	347,3	267,6	30	507,0
Earnings before exceptional items	308,9	240,8	28	501,1
Earnings per share				
– before exceptional items (cents)	488	381	28	792
– after exceptional items (cents)	549	423	30	802
Dividends per share (cents)	57	47	21	183
Number of shares on which earnings per share is based (000)	63 311	63 208		63 246

Group balance sheet

	Unaudited 31 December 1996 Rm	1995 Rm	Restated 30 June 1996 Rm
Capital employed			
Shareholders' interest	4 263,6	3 768,6	3 940,0
Outside shareholders' interest in subsidiaries	3 546,3	3 129,8	3 406,1
Total shareholders' interest	7 809,9	6 898,4	7 346,1
Debt capital	200,6	200,6	200,6
Deferred taxation	147,4	109,9	133,4
Long-term borrowings	484,1	552,3	575,2
	8 642,0	7 761,2	8 255,3
Employment of capital			
Fixed assets	3 682,1	3 056,6	3 235,7
Investments	2 512,1	1 922,5	2 126,0
– associated companies and mining subsidiaries	2 217,7	1 642,3	1 853,8
– listed	104,9	109,1	110,9
– unlisted	189,5	171,1	161,3
Loans and long-term receivables	195,5	119,5	232,5
Net current assets	2 252,3	2 662,6	2 661,1
Current assets	6 639,0	5 404,3	6 559,0
– inventories and receivables	4 917,5	4 185,1	4 395,7
– deposits and cash	1 721,5	1 219,2	2 163,3
Current liabilities	4 386,7	2 741,7	3 897,9
– interest bearing	1 242,3	602,4	812,3
– managed companies' deposits and other	3 144,4	2 139,3	3 085,6
	8 642,0	7 761,2	8 255,3
Listed investments, associated companies and mining subsidiaries			
– carrying value	2 291,1	1 302,8	1 507,6
– market value	5 468,9	3 576,1	4 498,9

Composition of earnings before exceptional items

	Unaudited Half-year ended 31 December 1996 Rm	1996 %	1995 (Restated) Rm	1995 (Restated) %	Restated Year ended 30 June 1996 Rm	1996 %
Industrial	154,1	50	166,4	69	324,6	65
Anglovaal Industries Limited	147,3	48	156,2	65	309,4	62
Anglovaal direct investment	6,8	2	10,2	4	15,2	3
Mining	135,5	44	68,5	28	156,0	31
Avmin Limited	77,5	25	19,1	8	53,6	11
The Associated Manganese Mines of South Africa Limited	16,7	6	33,5	14	53,8	11
Anglovaal direct investments	41,2	13	15,9	6	48,6	9
Net interest and other	19,3	6	5,9	3	20,5	4
Earnings	308,9	100	240,8	100	501,1	100

Net worth calculation*

	Unaudited Half-year ended 31 December 1996 Rm	1996 %	1995 Rm	1995 %	Audited Year ended 30 June 1996 Rm	1996 %
Industrial	4 774,1	40	6 178,7	56	4 809,6	44
Anglovaal Industries Limited	4 473,4	37	5 878,0	53	4 508,9	41
Anglovaal direct investment	300,7	3	300,7	3	300,7	3
Mining	6 612,9	56	4 510,7	41	5 939,0	53
Avmin Limited	5 299,1	45	2 512,6	23	3 358,2	30
Anglovaal direct investments	1 313,8	11	1 998,1	18	2 580,8	23
Other	171,0	1	192,6	2	237,3	2
Total investment portfolio	11 558,0	97	10 882,0	99	10 985,9	99
Other net assets	342,8	3	89,5	1	63,6	1
Net worth attributable to shareholders	11 900,8	100	10 971,5	100	11 049,5	100
Net worth per share (rand)	186		172		173	

*Listed investments are stated at market value and unlisted investments at cost or directors' valuation.

Comment

Group results

Group earnings before exceptional items for the six months to 31 December 1996 increased by 28 per cent to R308,9 million from the R240,8 million in the comparable period. The interim dividend has been increased by 21 per cent to 57 cents (1995: 47 cents) per share.

During the period under review, the restructuring of the Group's mining interests was completed. With effect from 1 November 1996, Anglovaal's mining interests have been controlled and managed by Avmin Limited. Gold operating assets and mineral rights have been consolidated into subsidiary, Avgold Limited.

On conclusion of the reorganisation, the Company's interest in Avmin (formerly Middle Witwatersrand (Western Areas) Limited) increased from 54 per cent to 67 per cent. Avmin has a 49,5 per cent interest in Avgold (formerly Target Exploration Company Limited). Anglovaal has a direct holding of 0,5 per cent in Avgold.

Industrial interests

The earnings per share of Anglovaal Industries Limited (AVI) decreased by 6 per cent for the half-year. Despite continuing difficult trading conditions, most of AVI's businesses reported satisfactory results.

Irvin & Johnson Limited achieved enhanced operating efficiencies and benefited from firm international seafood prices. Pre-tax profit increased by 51 per cent.

With effect from 1 July 1996, the Grinaker group was unbundled into separately listed Grinaker Construction Limited and Grinaker Holdings Limited, the vehicle for the group's electronics and information technology interests. Grinaker Construction achieved good operating results and increased profit before tax by 73 per cent. Earnings from Grinaker Holdings' interests increased by 11 per cent.

AVI Diversified Holdings Limited has interests in the engineering and textile sectors. Engineering activities, comprising Bearing Man Limited and Tristel Holdings (Pty) Limited, performed well. The Avtex Limited textile operations encountered onerous trading conditions and its contribution to earnings decreased.

The earnings of Alpha Limited, the cement and stone producer, changed little due mainly to difficult market conditions and the absence of any significant investment in the national infrastructure.

Consol Limited (packaging and rubber) and National Brands Limited (branded fast-moving consumer goods) have been two of the mainstays of the AVI group's consistent record of growth. During the period under review, both have undertaken major programmes at material cost to position themselves for the future and to improve their respective competitive positions. Consol is at an advanced stage of a major capital expenditure programme within its glass division. An unfortunate consequence has been operating disruptions, as the construction of new plant impacted on contiguous operations. National Brands is implementing a significant company-wide transformation process. The dislocations resulting from the project impacted negatively on operating conditions. The strains of the above programmes and tighter market conditions resulted in profit before tax declines of 24 per cent and 53 per cent respectively for Consol and National Brands. The full benefit of the above programmes and initiatives will manifest themselves during the 1998 financial year.

Mining interests

Avmin achieved strong earnings per share growth for the six months. The largest contributor to this growth was the increased royalty received from the Venetia Diamond Mine. The Anglovaal Group has an 87,5 per cent share of the royalty which amounted to R231,1 million compared to R58,4 million received for the comparable period. On 28 February 1997 a further half-yearly royalty of R183,4 million (1996: R107,9 million) was received, making the total royalty for the 1997 financial year R414,5 million (1996: R166,3 million).

The Associated Manganese Mines of South Africa Limited, which engages in manganese, iron ore and ferro-alloy production, reported reduced earnings due to a combination of lower operating profit and sharply higher capital expenditure. Earnings for the six months fell to R38,3 million from R69,8 million in 1995.

Avgold contributed to Avmin earnings for two months from 1 November 1996. Meaningful comparisons with last year are difficult to draw as the structure of the gold interests has been radically changed. The lower gold price and the stronger rand present a challenge to Avgold's management in the second half of the year and will place earnings under pressure.

Although conditions in the andalusite market were positive, geological factors which caused production shortfalls and higher capital expenditure resulted in lower earnings at Rhino Minerals (Pty) Limited. The Havercroft andalusite mine is being returned to production at a capital cost of R35 million and is scheduled to commence operations in June 1997.

Development of the Group's coal resources continued with the Forzando Coal Mine achieving its Phase 1 production target of 800 000 sales tons per annum. A decision on Phase 2 of the mine development, which will potentially increase annual production to 1,3 million sales tons, will be made shortly. Coal resources at Dorstfontein are the subject of a detailed feasibility study and a decision on exploitation of the reserves is expected to be taken later in 1997.

The Nkomati Joint Venture which seeks to mine nickel, copper, cobalt and platinum group metals in the Mpumalanga Province progressed satisfactorily. A small high-grade portion of the identified mineral resource, the Massive Sulphide Body, is being exploited as previously announced. Evaluation of the main Nkomati ore body continues with the feasiblity study due for completion in June 1997.

Avmin's involvement in the Zambian Copper Belt is increasing. In addition to exploration activities that have been undertaken since 1993, Avmin is participating in the privatisation of Zambia Consolidated Copper Mines Limited (ZCCM), which is being managed by the Zambian Privatisation Agency. It was announced on 8 July 1996 that an Avmin proposal to explore, evaluate and possibly develop the Konkola North mineral licence area had been accepted by the relevant Zambian authorities. A formal agreement will be signed shortly. Furthermore, Avmin, as part of an international consortium, has participated in a bid for a significant portion of ZCCM's copper producing assets.

Prospects

The earnings of Anglovaal's various business units are affected by a large number of variable factors which are difficult to forecast. Based on current market and operating conditions, a satisfactory increase in Group earnings for the year to 30 June 1997 is presently anticipated.

Exceptional items

Exceptional items consist of the following:

	Half-year ended 31 December 1996 Rm	1995 Rm
Surplus on disposal of management contracts	81,3	—
Net surplus on disposal of investments, subsidiaries and properties	8,3	59,5
Goodwill written off	(24,5)	(4,7)
Other, including restructuring costs	(10,5)	(5,3)
	54,6	49,5
Attributable taxation credit	3,4	0,1
Attributable to outside shareholders	(19,6)	(22,8)
	38,4	26,8

Accounting policies

- A subsidiary company previously raised a provision for the estimated costs of furnaces and glassmaking machine rebuilds. In accordance with the recently released South African statement of generally accepted accounting practice – AC 123 – this policy has been changed with effect from 1 July 1996. The actual costs of rebuilds are now capitalised and amortised over the estimated useful lives of the respective furnaces and glassmaking machines. Comparative figures for both the comparable six-month period and for the year ended 30 June 1996 have been restated to reflect the change in policy.
- The results for the half-year for mining subsidiary company, Avmin Limited, have been prepared on the appropriation method of mining accounting in accordance with the Group's current accounting policy. Using the appropriation method, no charge is made to the income statement for the amortisation of mining assets, which includes the cost of exploration and evaluation, infrastructure and development over the estimated life of each mine's operations. Instead, all such expenditure is appropriated from profit during the period in which it is incurred, and the non-distributable reserves that represent such appropriations are not recognised in the financial statements. The mining subsidiaries of the Group continue, therefore, to be accounted for on the equity method in the results now presented as it is considered inappropriate to consolidate mining companies using the appropriation method of accounting with Group non-mining operations using depreciation/amortisation accounting policies. Avmin intends to change its accounting policy in order to accord with both the recently issued South African accounting statement and internationally accepted standards to the amortisation method of accounting for the year ending 30 June 1997, with retrospective effect to the beginning of the current financial year. The mining subsidiaries of the Group will, therefore, ultimately be consolidated on the standard basis of accounting for subsidiary companies with effect from 1 July 1996. The present mining accounting policy with regard to providing for rehabilitation costs will also be changed retrospectively to accord with the internationally accepted method of accounting for such costs.

Investments

The principal changes were as follows:

- With effect from 1 November 1996, the Group's strategic mineral and mining interests, other than Anglovaal's direct 21,9 per cent interest in Saturn, were consolidated into Avmin Limited (formerly Middle Witwatersrand (Western Areas) Limited). Avmin, in which Anglovaal now holds 67 per cent of the equity, has thus become the principal vehicle for the development of Anglovaal's mineral and mining investments. The Group's gold interests were acquired by Avgold Limited (formerly Target Exploration Company Limited), in which Avmin now has a 49,5 per cent interest. Full details of the reorganisation were contained in an announcement dated 10 October 1996 which was circularised to shareholders.
- With effect from 1 July 1996, Grinaker Holdings Limited restructured its group by unbundling its interest in Grinaker Construction Limited and partially unbundling its interest in Grintek Limited. The unbundling resulted in Anglovaal Industries Limited (AVI) obtaining a 43,4 per cent direct interest in Grinaker Construction, which was listed on 2 December 1996, retaining its 51 per cent interest in Grinaker Holdings, a now fully-focused electronics interest group, and acquiring a 5,3 per cent direct interest in Grintek.
- National Brands Limited sold, with effect from 1 October 1996, its entire interest in Pleasure Foods Limited which incorporated the Wimpy, Milky Lane, Golden Egg, Juicy Lucy and Whistle Stop brands.
- Subsequent to 31 December 1996, and with effect from 1 January 1997, AVI acquired from Consol Limited, a subsidiary company, its tyre and rubber business for a cash consideration of R728 million. Simultaneously with the acquisition, AVI sold to The Goodyear Tire & Rubber Company, for a cash consideration of R436,8 million, a 60 per cent interest in the business, also with effect from 1 January 1997.
- In January 1997, AVI raised R412,8 million by way of a rights offer of ordinary shares. Anglovaal subscribed for its full entitlement of the rights offer shares at a cost of R244,8 million.

Capital expenditure

The capital expenditure of the Group was as follows:

	Half-year ended 31 December 1996 Rm	1995 Rm
To maintain operations	293,8	170,3
To expand operations	191,5	123,9
	485,3	294,2
Commitments for future capital expenditure		
Contracted for	280,7	228,4
Authorised, but not contracted for	98,7	141,7
	379,4	370,1

In addition to the above, capital commitments of mining subsidiaries consolidated on the equity method amounted to R560,3 million, of which R293,9 million had been authorised but not yet contracted for.

Commitments and contingent liabilities

At 31 December 1996, commitments amounted to R39,6 million (1995: R10,3 million). Contingent liabilities amounted to R62,3 million (1995: R45,9 million).

The South African Revenue Services, Inland Revenue, has challenged the deductibility of certain lease considerations paid in prior years to the lessor on sale and leaseback transactions in a subsidiary company. The estimated tax effect of R27,3 million has not been provided for. In spite of favourable legal opinions received in connection herewith, Inland Revenue has rejected the objections lodged by the subsidiary company and the matter will be heard by the Income Tax Special Court in March 1997.

Certain Group companies entered into forward exchange contracts in the normal course of business.

Interim dividend declaration

Notice is hereby given that interim ordinary dividend No. 102 of 57 cents per share and interim N ordinary dividend No. 14 of 57 cents per share have today been declared payable to holders of ordinary and N ordinary shares, salient dates related to the declaration being as follows:

	1997
Last day to register for dividends and for change of address or dividend instructions	Thursday, 27 March
Period during which transfer books and registers of members will be closed (both days inclusive) to determine which members qualify for the dividends	Friday, 28 March to Friday, 4 April
Currency conversion date for sterling payments to shareholders paid from London	Monday, 7 April
Dividend warrants posted/dividends electronically transferred	Friday, 25 April

The dividends are paid subject to conditions which can be inspected at the registered office or the office of the London secretaries of the Company.

For and on behalf of the board

B E Hersov *Chairman*
R P Menell *Deputy chairman*

6 March 1997

Registered office
2 Arnold Road
2196 Rosebank
Johannesburg
South Africa

London secretaries
Anglovaal Trustees Limited
33 Davies Street
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United Kingdom

Directors: B E Hersov DMS, Hon. LL.D *(Chairman)*, R P Menell *(Deputy chairman)*, D D Barber, B L Bernstein Hon. LL.D, J J Geldenhuys, J R Hersov, Dr E J Mabuza, J C Robbertze, R B Savage, R T Swemmer, R A D Wilson

COMMODITIES AND AGRICULTURE

New find in Greece by TVX Gold

By Kerin Hope in Athens

TVX Gold, the Canadian producer which last year faced fierce resistance to its plan to build a gold extraction plant in northern Greece, has made a new gold find.

The company switched its attention to an ancient copper mine on its concession after local residents and archaeologists staged sometimes violent protests against its extraction plans. Its find could double its total gold resources in Greece.

The new resource at Skouries – part of TVX Gold's concession at the ancient Kassandra mines – is estimated to contain 5m to 7m ounces of gold. While more drilling will be needed to determine its size, initial results indicate a resource totalling at least 180 tonnes with a grading of 0.6 per cent copper and 1.2 grammes per tonne of gold.

"It's been a pleasant surprise and we don't see any big problems," says Mr John Hick, vice-chairman of TVX Gold. "The resource has an unusually high concentration of gold. We would produce a copper-gold concentrate and ship it out for refining elsewhere in Europe."

Unlike the controversial project at Olympiada, where the mining installations are close to a seaside village whose residents are eager to attract tourists, Skouries is on a wooded hillside about 10km from the nearest village. Copper was mined there in the 3rd century BC and the slag from the ancient refining operations alerted geologists who first identified a gold-bearing deposit in the 1960s.

Given its remote position, Mr Hicks said TVX Gold would "concentrate on the possibility of an open-pit mine at Skouries", and build a milling facility next to the mine that could handle 30,000 tonnes of ore daily. The copper-gold concentrate would be transferred directly from the site to a loading installation on the coast.

The company would invest about $200m to set up the open-pit mine and would plan to start mining activities in 2000.

Mr Hick said the new discovery would not affect plans to build a $250m gold extraction plant using pressure oxidation technology for the Olympiada mine. Gold resources there are estimated at 3m to 5m ounces, but are mixed with lead, zinc and silver. Recent drilling indicates gold grades 20–30 per cent higher than earlier estimates.

The company paid $47m in 1995 for the assets of Kassandra Mines, a bankrupt state-owned company offered for sale under Greece's privatisation programme. It agreed to retain 550 workers to operate another lead and zinc mine at Stratones, about 15km from Olympiada, while preparations were made for the gold project.

The Olympiada project has been delayed by local protests and is not expected to start operating before late 2000. However, refurbishing and exploration have gone ahead without problems since the villagers yielded to government pressure last October and lifted a 10-month blockade.

Greece's state archaeological service is monitoring activities at the site following a report of significant remains of an ancient city close to the Olympiada mine.

Russia 'producing less platinum'

By Michael Peel

Stockpiles of platinum are lower and rates of production at Norilsk, Russia's biggest nickel and platinum producer, will fall faster than industry estimates, an analyst from Standard Bank claimed yesterday.

"They are producing less than people think," said Mr René Hochreiter, speaking at the launch of the bank's 1997 Platinum Yearbook.

He said figures he had obtained while visiting Norilsk in Siberia on the amount of platinum group metals produced per tonne of nickel led him to estimate it would produce 450,000 oz of platinum in 1997.

Previous estimates for the plant included data for platinum refineries in the nearby Kamchatka peninsula, which Mr Hochreiter said produced 130,000 oz a year.

Norilsk is one of Russia's most valuable companies. In 1995 it produced 40 per cent of the world's platinum, and 20 per cent of its nickel. Mr Hochreiter estimated stocks at less than 650,000 oz and said previous predictions may have been inflated by including platinum obtained by melting down precious metal containing scrap.

"I believe that quite a lot of stocks are actually recycled scrap," he said. "The scrap could be Western sourced or military Russian sourced." Although this procedure is standard practice in the industry, other facilities give figures for the stock they obtain in this way.

"You can buy information about most things in Russia but not about this. The big question in platinum terms is the size of the Russian stockpile. Because they are constantly adding recycled scrap, you can't gauge the size of the stockpile."


Siberian open-cast platinum mining at Norilsk, one of Russia's most valuable companies

Video film taken by Mr Hochreiter showed the long-term disrepair in some parts of the plant. "My estimate was that only about 25 per cent of that concentrated plant was working," he said.

Mr Hochreiter thought production would decline within three years due to a lack of functioning equipment.

More than 10,000 people work at the plant and the population of the area is about half a million.

"If the government don't do something to raise the capital and keep the jobs, it could be without half a million votes," he said.

Other analysts agreed the main concerns for the platinum market in 1997 were the quantities retained and released from Norilsk.

"I would agree that stockpiles in Russia will come close to depletion in the next couple of years," said Ms Alison Cowley of the precious metals division of Johnson Matthey.

Trans-World Metals in Russian smelter offer

By Kenneth Gooding, Mining Correspondent

Trans-World Metals, the trading group which is campaigning against the threatened re-nationalisation of the Russian aluminium industry, says it is ready to raise finance for a $500m refurbishment and expansion of two Russian aluminium smelters, at Bratsk and Sayansk, in which it has shareholdings.

Mr David Reuben, Trans-World chairman, said annual capacity at Bratsk would be raised in two stages from 780,000 tonnes to 810,000 tonnes. Capacity at Sayansk would be lifted from 350,000 to between 420,000 and 430,000 tonnes.

Cash for the projects would be borrowed from banks and paid back from the sale of the extra aluminium.

Mr Reuben said Trans-World would handle between 700,000 and 800,000 tonnes of Russian aluminium this year out of a total of 1.5m tonnes that his group would either produce or purchase.

Total Russian aluminium output, according to official statistics, rose from 2.79m tonnes in 1995 to 2.87m tonnes last year which suggests Trans-World handles about a quarter of the total.

Trans-World also handles 2.5m–3m tonnes a year of alumina, the material used to produce aluminium. About 1.1m tonnes comes from the Pavlodar alumina refinery in Kazakhstan in which Trans-World has a controlling stake.

Alumina from Pavlodar is sent to the two Russian plants for processing under toll smelting arrangements and the aluminium exported.

Mr Anatoly Kulikov, Russia's interior minister, last month called for the Russian aluminium industry to be taken away from "foreign capitalists". Mr Reuben has replied in strong terms in "open letters" published in some western newspapers.

Mr Jim Lennon, analyst at Macquarie Equities, part of the Australian bank, said: "So far all that appears to be happening is talk, and aluminium exports appear to be flowing as normal with no immediate threat of interruption. However, this underlines the risks in relying on Russia for a large part of western supply."

BP tops North Sea asset league

By Robert Corzine

British Petroleum has retained its standing as the largest holder of UK North Sea oil and natural gas assets, according to a new study by Wood MacKenzie, the Edinburgh-based industry consultants.

BP's offshore assets are valued at £7.45bn ($12m), or about 13 per cent of the area's total valuation. It also has the largest reserves and the greatest cash flow.

Shell, the Anglo-Dutch oil group, is in second place with assets worth £5.5bn, followed by Esso, the UK subsidiary of Exxon of the US and Shell's North Sea partner, also at £5.5bn.

Centrica, the demerged gas supply arm of British Gas, and BG Exploration and Production, are fourth and fifth with assets of £3bn and £2.8bn respectively.

US companies Texaco and Conoco have each moved up one position to sixth and seventh respectively. Elf of France, Amerada Hess of the US, and Enterprise Oil, the UK's largest explorer, complete the top 10.

Wood MacKenzie said there was a shift towards greater US participation in the sector. US-based companies control 40 per cent of the country's offshore energy assets, with UK companies (including Shell) accounting for 43 per cent.

It said the UK's remaining commercial oil and gas reserves have fallen by 5 per cent over the past year, to 16.8bn barrels of oil equivalent including natural gas.

US data boost soyabean futures

MARKETS REPORT

By Laurie Morse in Chicago and Kenneth Gooding and Robert Corzine in London

Soyabean futures prices on the Chicago Board of Trade received another boost yesterday from US government export data showing soyameal shipments far ahead of market expections.

Soyabeans for May delivery jumped more than 10 cents a bushel after the report, reaching a high for this year of $8.17.

The 214,000m tonne shipment pace for the week ended February 27 indicated prices needed to rise further to cut back world demand for soyabeans, said Mr Dick Lowey, president of Chicago-based AgResources.

He said the market had already factored in a strike at Brazil's Paranagua port, announced on Wednesday.

On the London bullion market, gold found good support at $350 a troy ounce as the market continued to ponder the implications of the plan, announced on Wednesday, for the Swiss central bank to sell gold to finance a fund for Holocaust victims.

Mr Nick Moore, analyst at Flemings Global Mining Group, said: "The symbolic decision for one of the true bastions of gold to allow the liberation of some of its reserves, for whatever reason, will overshadow future price sentiment." A fragile price recovery had been damaged by "the spectre of central bank sales being brought front-stage again."

Oil prices firmed in late trading after showing some weakness in early sessions. Brent Blend for April delivery rose 15 cents a barrel to $19.55, in spite of reports of increased output by Organisation of Petroleum Exporting Countries.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1652.5-3.5	1681-2
Previous	1649-50	1677.5-78.0
High/low		1690/1655
AM Official	1638-9	1668-9
Kerb close		1688-9
Open int.	268,742	
Total daily turnover	56,959	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1533-8	1555-6
Previous	1530-35	1552-57
High/low		1565/1550
AM Official	1525-30	1545-50
Kerb close		1565-70
Open int.	6,311	
Total daily turnover	874	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	678-9	677-8
Previous	686-87	680-81
High/low		682/676
AM Official	681-2	680-1
Kerb close		681-2
Open int.	40,451	
Total daily turnover	12,061	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	8045-55	8145-55
Previous	7995-8005	8090-100
High/low	7995	8160/8030
AM Official	7994-5	8095-100
Kerb close		8140-50
Open int.	51,876	
Total daily turnover	11,183	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5840-50	5895-900
Previous	5770-80	5830-35
High/low		5910/5830
AM Official	5780-85	5835-40
Kerb close		5900-10
Open int.	16,049	
Total daily turnover	3,688	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1225-6	1241-1.5
Previous	1225-26	1237.5-38.0
High/low		1247/1235
AM Official	1223-4	1237-8
Kerb close		1244-5
Open int.	87,594	
Total daily turnover	19,799	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2436-9	2378-9
Previous	2444-47	2385-86
High/low	2433/2422	2408/2363
AM Official	2433-4	2375.5-6.0
Kerb close		2403-4
Open int.	139,278	
Total daily turnover	52,879	

■ LME AM Official £/$ rate: 1.6093

LME Closing £/$ rate: 1.6119

Spot 1.6133 3 mths: 1.6108 6 mths: 1.6079 9 mths: 1.6056

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	115.70	+2.05	116.00	113.00	14	8,540
Apr	113.90	+1.80	114.30	112.80	228	3,301
May	112.20	+1.80	112.80	109.40	6,821	27,301
Jun	110.00	+1.40	110.20	110.20	26	996
Jul	108.45	+1.25	109.30	106.30	379	7,199
Aug	106.90	+1.10	106.85	106.60	1	838
Total					9,812	81,764

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	351.75-352.25		
Opening	352.00-352.30		
Morning fix	352.15	218.279	523.577
Afternoon fix	353.10	219.317	525.766
Day's High	353.20-353.50		
Day's Low	351.30-351.60		
Previous close	352.05-352.55		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.93	6 months	4.00
2 months	3.99	12 months	4.00
3 months	3.98		

Silver Fix	p/troy oz.	US cts equiv.
Spot	321.95	518.50
3 months	326.35	524.80
6 months	330.80	531.10
1 year	339.70	544.00

Gold Coins	$ price	£ equiv.
Krugerrand	351-353	218-220
Maple Leaf	-	-
New Sovereign	81-84	50-52

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	353.2	-0.8	-	-	5	-
Apr	353.6	-0.8	356.3	353.0	54,594	67,826
Jun	355.6	-0.7	356.9	355.0	7,577	25,494
Aug	357.9	-0.7	359.1	357.0	1,081	9,971
Oct	360.4	-0.7	360.5	359.5	385	6,248
Dec	363.0	-0.7	364.3	362.0	317	20,944
Total					64,058	170,801

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	386.3	+2.2	389.0	382.0	3,836	19,001
Jul	388.5	+2.5	390.5	385.0	417	3,211
Oct	390.8	+2.8	392.0	391.0	4	1,981
Jan	392.9	+2.8	390.0	390.0	5	1,126
Total					4,261	25,319

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	149.90	+8.65	146.25	146.25	127	617
Jun	152.00	+6.50	154.50	148.00	1,096	9,553
Sep	153.00	+6.50	-	-	34	775
Dec	154.00	+6.50	-	153.00	5	190
Total					1,269	11,136

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	518.4	-1.2	526.0	515.0	329	1,282
May	522.7	-1.3	530.0	518.5	21,053	61,213
Jul	527.7	-1.3	535.0	525.0	952	12,317
Sep	532.8	-1.3	539.5	531.0	169	3,369
Dec	540.2	-1.3	548.0	538.5	82	5,311
Jan	543.1	-1.3	-	-	-	14
Total					22,682	91,387

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	20.75	+0.26	20.83	20.25	50,858	84,978
May	20.61	+0.24	20.67	20.17	27,301	57,294
Jun	20.47	+0.25	20.52	20.06	11,854	47,715
Jul	20.32	+0.22	20.38	19.92	4,950	24,300
Aug	20.20	+0.19	20.23	19.90	1,405	17,473
Sep	20.18	+0.22	20.18	19.96	1,054	13,939
Total					108,522	417,536

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	19.50	+0.10	19.57	19.16	12,285	45,046
May	19.21	+0.11	19.28	18.90	13,403	59,404
Jun	19.07	+0.18	19.13	18.75	2,328	24,071
Jul	19.01	+0.24	19.01	18.67	757	12,575
Aug	18.90	+0.20	18.95	18.58	1,034	6,091
Sep	18.86	+0.20	18.88	18.63	144	6,310
Total					[illegible]	[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	53.45	+0.91	53.90	52.15	14,529	36,910
May	53.60	+0.77	53.85	52.55	6,857	14,819
Jun	53.85	+0.62	54.00	52.80	4,045	13,033
Jul	54.10	+0.57	54.40	53.30	2,429	12,431
Aug	54.80	+0.72	55.05	54.20	2,650	7,422
Sep	55.50	+0.57	55.50	54.95	685	4,974
Total					35,785	118,883

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	164.75	+2.75	165.00	160.50	7,303	20,095
Apr	166.00	+2.25	166.25	162.00	8,823	19,424
May	167.50	+2.00	167.50	163.75	1,377	4,940
Jun	169.00	+2.00	169.25	165.50	3,656	7,854
Jul	170.75	+2.00	171.00	167.50	186	3,403
Aug	172.25	+2.25	172.00	168.75	815	1,337
Total					21,590	68,500

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	1.880	+0.041	1.895	1.820	24,325	37,040
May	1.940	+0.038	1.940	1.885	6,039	19,188
Jun	1.955	+0.034	1.965	1.910	2,790	11,392
Jul	1.960	+0.027	1.965	1.925	2,273	10,767
Aug	1.965	+0.029	1.965	1.930	1,065	8,588
Sep	1.970	+0.030	1.970	1.935	1,741	7,648
Total					44,126	166,747

■ UNLEADED GASOLINE
NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	64.00	+0.67	64.30	62.80	13,146	38,996
May	63.55	+0.52	63.85	62.50	6,451	20,852
Jun	62.90	+0.66	63.10	61.90	2,231	14,471
Jul	61.95	+0.80	61.95	60.90	995	6,183
Aug	60.60	+0.85	60.80	59.80	682	3,969
Sep	59.00	+0.66	59.00	58.50	828	2,101
Total					24,549	88,410

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	97.35	-0.30	97.00	97.00	12	194
May	100.00	-0.35	100.00	99.45	231	3,445
Jul	102.50	-0.25	102.50	101.85	120	931
Sep	92.75	-0.85	-	-	-	33
Nov	94.75	-0.65	95.00	95.00	14	1,986
Jan	96.75	-0.65	96.75	96.75	50	343
Total					34	1,829

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	373.50	+7.00	375.00	365.00	855	908
May	375.00	+6.00	376.50	368.00	7,189	25,445
Jul	362.50	+3.75	364.00	358.00	8,963	36,263
Sep	365.00	+4.00	365.00	361.00	183	3,784
Dec	374.50	+3.50	375.00	370.00	189	3,823
Mar	372.00	+2.00	374.00	374.00	11	74
Total					17,399	70,484

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	306.25	+4.50	306.50	299.25	11,106	27,034
May	304.50	+5.75	305.25	298.25	39,364	162,280
Jul	303.75	+6.75	304.25	295.00	16,278	108,949
Sep	291.50	+7.25	291.75	283.00	1,183	14,243
Dec	289.50	+7.25	289.75	280.25	7,508	67,102
Mar	294.25	+7.00	294.50	285.75	330	6,106
Total					75,865	390,953

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	90.75	-0.25	-	-	-	90
May	91.75	-0.25	-	-	-	135
Sep	90.75	-0.75	-	-	-	28
Nov	92.75	-0.75	93.25	93.00	12	371
Jan	94.75	-0.75	-	-	-	27
Total					12	651

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	818.00	+16.75	818.50	800.25	5,562	7,776
May	822.25	+17.25	824.00	804.00	31,692	85,463
Jul	822.25	+16.75	823.50	803.25	8,853	53,075
Aug	812.50	+15.50	813.00	797.00	905	8,125
Sep	763.25	+9.25	764.75	754.50	599	3,795
Nov	721.00	+7.50	721.50	713.00	5,463	28,325
Total					53,198	188,304

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	25.12	+0.47	25.12	24.57	7,007	5,502
May	25.49	+0.49	25.50	25.00	19,568	51,561
Jul	25.85	+0.47	25.86	25.38	4,844	23,450
Aug	25.89	+0.49	25.76	25.55	241	4,426
Sep	26.10	+0.50	25.80	25.65	355	3,032
Oct	26.17	+0.44	25.95	25.75	293	1,990
Total					33,749	96,654

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	267.3	+6.7	267.2	261.0	2,375	10,820
May	262.7	+6.0	263.5	257.0	8,935	47,568
Jul	259.6	+6.1	260.0	253.8	3,605	28,303
Aug	253.9	+5.0	254.5	239.3	1,690	6,805
Sep	243.5	+4.8	243.8	239.2	817	4,178
Oct	226.5	+2.5	227.0	224.0	612	3,300
Total					19,376	110,188

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	65.0	-0.5	65.0	64.5	26	917
May	70.0	-0.7	69.5	69.5	2	239
Jun	76.0	-1.0	-	-	-	-
Nov	66.0	-1.0	-	-	-	2
Mar	101.0	-1.0	-	-	-	-
Apr	111.0	-1.0	110.0	110.0	7	671
Total					34	1,829

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1485	+25	1485	1440	69	839
Apr	1570	+40	1575	1525	87	1,233
May	1540	+25	1545	1505	47	87
Jul	1310	+15	1310	1294	50	642
Oct	1430	+35	1370	1370	-	213
Jan	1440	+30	-	-	-	49
Total					253	2,963

	Close	Prev
BFI	1419	1414

FUTURES DATA
All futures data supplied by CMS.

Wool

Slightly lower prices were paid for some Australian wool at early auctions this week, but the setback was minor and failed to develop. By the end of the week the trade assessed the tendency as definitely firmer again. The eastern market indicator closed down 2 Australian cents a kg on the week, but was on a slightly upward trend yesterday, 4 cents up at 622 cents a kg. South African wool also sold well, with some shortages anticipated in the remainder of the season. The main New Zealand market indicator was 4 New Zealand cents a kg lower than two weeks ago at 440 cents a kg, but for the sector measuring medium and finer wool, prices were definitely dearer than at the preceding sale two weeks ago.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	917	-1	926	914	59	1,648
May	932	-1	943	925	2,917	34,674
Jul	946	+2	954	936	1,053	14,349
Sep	956	+1	964	949	258	13,925
Dec	961	-2	968	958	1,366	21,400
Mar	981	-3	986	981	236	21,841
Total					6,051	129,844

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1284	-6	1297	1274	22	135
May	1330	-6	1343	1329	9,553	32,083
Jul	1355	-6	1367	1355	743	19,001
Sep	1382	-4	1392	1382	238	10,616
Dec	1414	-4	1417	1410	25	6,539
Mar	1440	-6	1445	1440	279	16,236
Total					11,217	91,636

■ COCOA (ICCO) (SDR's/tonne)

Mar 5	Price	Prev. day
Daily	1049.08	1042.66

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1747	-38	1763	1728	184	3,003
May	1730	-50	1750	1712	3,344	25,706
Jul	1730	-50	1750	1716	1,695	10,348
Sep	1722	-53	1745	1709	752	4,416
Nov	1697	-53	1720	1680	196	2,133
Jan	1677	-53	1695	1645	29	480
Total					6,219	46,098

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	211.95	-7.80	224.00	210.75	798	1,780
May	193.70	-6.95	205.00	193.25	13,098	24,070
Jul	181.15	-8.05	191.50	181.00	3,834	7,958
Sep	169.55	-5.45	178.50	169.00	875	4,158
Dec	152.70	-10.30	165.00	157.00	527	3,123
Mar	144.50	-8.00	152.50	144.50	84	708
Total					18,998	41,944

■ COFFEE (ICO) (US cents/pound)

Mar 5		Prev. day
Comp. daily	147.76	142.69
15 day average	129.11	127.40

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	308.0	+0.9	308.0	306.0	684	13,397
Aug	306.6	+0.9	308.0	305.4	252	4,409
Oct	302.5	+0.9	301.8	301.3	83	3,011
Dec	301.9	+0.5	302.2	301.1	45	916
Mar	302.8	-0.4	302.5	302.0	10	526
May	300.9	-0.3	301.7	301.7	-	159
Total					1,084	22,420

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	10.93	+0.07	10.94	10.82	8,668	73,315
Jul	10.68	+0.01	10.68	10.63	2,203	31,885
Oct	10.65	+0.02	10.65	10.59	1,497	24,120
Mar	10.84	+0.04	10.84	10.59	1,073	10,405
May	10.62	+0.01	10.62	10.60	120	1,899
Jul	10.61	-0.01	10.60	10.60	267	826
Total					14,314	142,818

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	73.53	+0.03	73.55	72.70	22	245
May	76.05	+0.79	76.13	74.70	4,096	32,818
Jul	77.17	+0.67	77.25	75.95	786	12,085
Oct	77.30	+0.35	77.30	76.65	45	1,376
Dec	77.53	+0.37	77.55	76.77	606	14,734
Mar	78.30	+0.35	78.30	77.95	42	1,136
Total					5,593	63,250

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	85.70	+1.25	85.70	85.10	357	541
May	87.45	+1.40	87.75	86.05	4,560	14,705
Jul	89.60	+1.30	89.60	88.50	1,131	4,842
Sep	91.00	+0.80	91.10	90.50	138	3,526
Nov	93.00	+0.80	93.10	92.40	17	1,041
Jan	93.90	+0.15	94.00	93.50	21	544
Total					6,227	25,623

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Mar 6	Mar 5	month ago	year ago
2000.0	1996.3	1949.8	2129.2

■ CRB Futures (Base: 1967 = 100)

Mar 5	Mar 4	month ago	year ago
243.59	245.82		

■ GSCI Spot (Base: 1970 = 100)

Mar 5	Mar 4	month ago	year ago
189.28	191.63	205.32	194.99

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	68.100	-	66.250	67.600	19	27
Apr	68.175	-0.425	68.900	68.050	10,472	43,111
Jun	64.475	-0.475	64.925	64.350	3,319	22,258
Aug	63.500	-0.375	63.925	63.375	1,958	19,289
Oct	67.175	-0.450	67.625	67.100	1,517	13,907
Dec	69.400	-0.350	69.700	69.250	1,128	6,175
Total					18,589	108,281

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	70.150	-1.025	70.500	69.650	7,712	14,273
Jun	76.625	-0.225	76.700	75.850	4,927	9,737
Jul	75.475	+0.100	75.500	74.550	1,223	2,549
Aug	72.125	+0.125	72.200	71.250	789	2,225
Oct	65.750	+0.175	65.850	65.000	176	1,481
Dec	64.150	-0.100	64.250	64.050	179	811
Total					15,040	31,594

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	75.375	-3.000	76.500	75.375	448	902
May	76.550	-3.000	77.550	76.550	2,477	5,535
Jul	76.025	-2.775	77.050	75.800	335	1,217
Aug	73.625	-2.400	75.000	73.200	95	519
Total					3,366	8,173

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1625	68	104	16	39
1675	38	76	35	60
1725	18	54	65	88
■ COPPER (Grade A) LME	**Apr**	**Jul**	**Apr**	**Jul**
2300	171	182	7	80
2400	93	85	28	131
2500	40	51	75	185
■ COFFEE LIFFE	**May**	**Jul**	**May**	**Jul**
1650	154	216	74	136
1700	127	191	97	161
1750	103	168	123	188
■ COCOA LIFFE	**May**	**Jul**	**May**	**Jul**
875	63	82	6	11
900	44	64	12	18
925	29	48	21	27
■ BRENT CRUDE IPE	**Apr**	**May**	**Apr**	**May**
1900	47	79	20	71
1950	20	54	-	77
2000	-	-	67	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel) +or-

Dubai	$18.00-8.10w	+0.615
Brent Blend (dated)	$19.50-9.56	+0.35
Brent Blend (Apr)	$19.66-9.72	+0.395
W.T.I.	$21.01-1.10w	+0.665

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$207-210	+2.5
Gas Oil	$165-167	+4
Heavy Fuel Oil	$82-84	-2
Naphtha	$186-189	
Jet fuel	$189-191	+3
Diesel	$176-178	+2

■ NATURAL GAS (Pence/therm)

Bacton (Mar)	10.10	-0.05

Petroleum Argus. Tel. London (0171) 359 8792

IPE (Apr)	10.10	-0.10

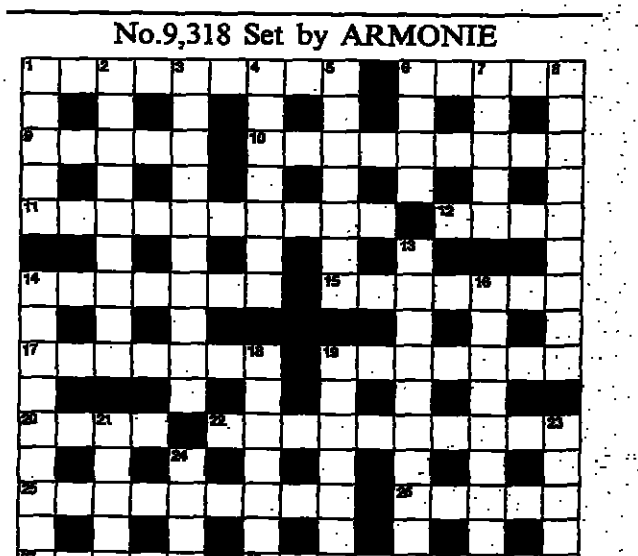
■ OTHER

Gold (per troy oz)♣	$352.00	-0.30
Silver (per troy oz)♣	520.00c	-1.00
Platinum (per troy oz.)	$382.00	
Palladium (per troy oz.)	$146.50	+2.75
Copper	120.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.19r	+0.08
Tin (New York)	271.50	
Cattle (live weight)	97.94p	-2.79*
Sheep (live weight)	145.09p	+2.38*
Pigs (live weight)†	83.61p	+0.17*
Lon. day sugar (raw)	$271.30	-1.10
Lon. day sugar (wte)	$309.70	-0.80
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Apr)♥	79.75p	+0.25
Rubber (May)♥	79.75p	+0.25
Rubber (KL RSS No1)	304.0x	
Coconut Oil (Phil)§	760.0y	-12.5
Palm Oil (Malay.)§	580.0	-10.0
Copra (Phil)§	$490.0y	
Soyabeans (US)	221.0	-1.0
Cotton Outlook'A' Index	80.60	
Wooltops (64s Super)	419p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Apr y Apr May♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,183 head of pigs sold.

CROSSWORD

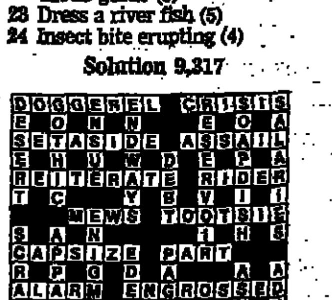
No.9,318 Set by ARMONIE



ACROSS
1 Takes advantage of a dodgy dealer for a drink (4,5)
6 Hamper caught against the incline (5)
9 Watch poet run away (5)
10 Charm made a peer turn queer (9)
11 Cricketer adopting disguise after no ball (5,5)
12 Lockers in Manx House (4)
14 Sea god's bad posture (7)
15 A squall dashed a celebration (7)
17 Father's to make a marked effect with a bone (7)
19 Use up the whole lot in the cold sweet container (7)
20 Expected to carry cash for fool (4)
22 Disease is to disfigure Roman Adonis, initially (10)
25 Rose, for example, has policy about worker (9)
26 Refuse admission to baron in expensive surroundings (5)
27 Gathered round books reading music for voices (5)
28 Nearly let loose for ever (9)

DOWN
1 There's a short time to see endless film (5)
2 Fire drunkard without acceptable time to go to sleep (6,3)
3 Around an element of the church, promote love for the dance (10)
4 Oppressive tyrant in love with America (7)
5 Annoy people in the wrong (7)
6 Deal with what's on top of a wall (4)
7 A lovely grave (5)
8 Emphasise former prime minister supports journalists (5,4)
13 Possibly die in Roman instrument of torture (4,6)
14 Trimmed a quantity of paper? Fancy! (4,5)
16 Beau's limb is broken in historic site (3,6)
18 A church store or document repository (7)
19 Get upset in centre of procession (7)
21 Many supporting sanctimonious guide (5)
23 Dress a river fish (5)
24 Insect bite erupting (4)

Solution 9,317



CURRENCIES AND MONEY

Rubin's trade talk buffets dollar

MARKETS REPORT

By Simon Kuper

The dollar dropped against the yen late yesterday after Mr Robert Rubin, the US treasury secretary, issued a new warning over Japan's trade surplus.

But the US currency remained strong against the D-Mark.

Mr Rubin said a sustained Japanese current account surplus was "in nobody's interest". Earlier, Tokyo had revealed that that surplus had surged to Y150.7bn in January. The dollar, which had firmed during London trading, fell from Y121.6 to Y121.1 in US trading on the treasury secretary's comments.

Against the D-Mark, however, the US currency hung on to most of the gains it had made during earlier trade. It closed in London 0.7 pfennigs higher at DM1.718, and softened only fractionally later on Mr Rubin's remarks.

The D-Mark failed to benefit from German unemployment figures that proved better than the market's worst fears. The dollar was helped by strong US factory orders and jobless claims, and by hopes that non-farm payrolls figures for February will emerge strong tomorrow.

Sterling rose against the D-Mark largely thanks to the dollar's gains. The pound jumped 1.5 pfennigs against the German currency to close in London at DM2.770. It is fast approaching its former floor within the European exchange rate mechanism of DM2.7783, through which it fell in September 1992, prompting the UK's exit from the ERM.

■ Pound in New York

Mar 6	--Latest--	-- Prev. close --
£ spot	1.6130	1.6155
1 mth	1.6122	1.6147
3 mth	1.6104	1.6130
1 yr	1.6040	1.6063

■ Mr Michael Burke, senior economist at Citibank in London, said Mr Rubin's recent complaints about Japan's trade surplus were not intended to weaken the dollar. Mr Rubin was not talking primarily to the currency markets, he said.

Instead, the treasury secretary was trying to persuade Tokyo to stimulate and deregulate its economy. This would increase US exports to Japan and encourage Japanese companies to produce for their domestic market rather than for export.

Mr Burke said: "The US does not want dollar/yen to be level x. It wants the Japanese markets to open up."

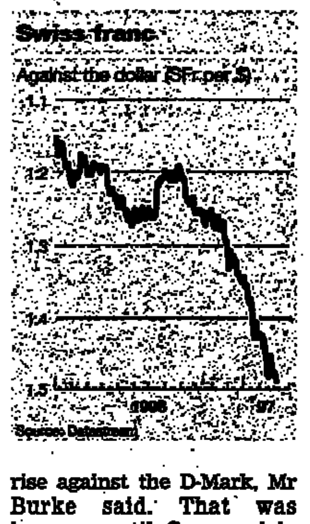
However, he added, Mr Rubin's comments suggested that the strong dollar had become less of a priority for the treasury secretary than it had been previously. This meant that the dollar was likely to stop advancing against the yen.

But it should continue to rise against the D-Mark, Mr Burke said. That was because until German jobless figures dropped, there would be little pressure in Germany for higher interest rates or a stronger currency.

"The most efficient mechanism for redistributing worldwide growth is for the dollar to rise against the European currencies," Mr Burke said.

Swiss franc

Against the dollar (SFr per $)



Source: Datastream

■ The market is starting to watch an unusual exchange rate: the lira against the Irish punt. The reason is that the punt has risen to 11.8 per cent above its central rate against the lira within the ERM.

This could increase the chances of Italy and Ireland being excluded from the first round of European monetary union, currency strategists said. ERM rules allow almost all currencies to fluctuate within 15 per cent bands against one another. It is thought that countries must stay within these bands in order to meet the currency criterion for Emu, which says that states wanting to join must maintain a "stable" currency.

It is also thought that when currencies move three quarters of the way to the 15 per cent limit, the central banks involved have to intervene.

And indeed, there was market talk yesterday that the Bank of Italy was buying lira, even though the currency was already rising. The lira firmed from L2,658 to L2,654 against the punt.

However, Mr Mike Wallace, senior currency economist at MMS International in London, warned that any efforts to stem the punt's rise against the lira might easily be frustrated.

That is because one reason why the punt is soaring is that it is riding a strong sterling. And the UK, which is outside the ERM, has no obligation to intervene in the market to weaken its currency.

The French franc has also fallen to dangerous levels against the punt.

■ OTHER CURRENCIES

Mar 6	£	$
Czech Rp	47.8437 - 47.7138	29.5630 - 29.5900
Hungary	286.768 - 287.009	177.940 - 177.990
Iran	4837.50 - 4834.80	3000.00 - 3000.00
Kuwait	0.4893 - 0.4899	0.3036 - 0.3038
Poland	4.9774 - 4.9842	3.0885 - 3.0910
Russia	9171.62 - 9178.96	5691.00 - 5693.00
U.A.E.	5.9148 - 5.9243	3.6700 - 3.6740

POUND SPOT FORWARD AGAINST THE POUND

Mar 6		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.4963	+0.1082	867 - 058	19.5188	19.4173	19.4528	2.7	19.3963	2.1	-	-	103.5
Belgium	(BFr)	57.1488	+0.3301	990 - 986	57.2080	56.8780	57.0238	2.6	56.7638	2.7	55.4388	3.0	103.2
Denmark	(DKr)	10.5635	+0.0595	589 - 680	10.5744	10.5287	10.5415	2.5	10.498	2.5	10.288	2.6	105.5
Finland	(FM)	8.2835	+0.0338	551 - 718	8.2800	8.2310	-	-	-	-	-	-	83.1
France	(FFr)	9.3431	+0.0495	392 - 469	9.3551	9.3152	9.3209	2.8	9.2773	2.8	9.0802	3.0	106.1
Germany	(DM)	2.7704	+0.0156	691 - 716	2.7742	2.7593	2.7637	2.9	2.7502	2.9	2.6835	3.1	104.8
Greece	(Dr)	434.528	+3.126	326 - 730	435.514	432.289	-	-	-	-	-	-	68.3
Ireland	(I£)	1.0345	+0.0022	339 - 351	1.0355	1.0313	1.0342	0.3	1.0333	0.5	1.0267	0.8	102.5
Italy	(L)	2747.38	+4.58	584 - 891	2762.56	2740.10	2750.78	-1.5	2755.63	-1.2	2758.43	-0.4	76.0
Luxembourg	(LFr)	57.1488	+0.3301	990 - 986	57.2080	56.8780	57.0238	2.6	56.7638	2.7	55.4388	3.0	103.2
Netherlands	(Fl)	3.1189	+0.0201	176 - 202	3.1223	3.1067	3.1108	3.1	3.095	3.1	3.0195	3.2	102.7
Norway	(NKr)	11.1865	+0.0106	818 - 912	11.2771	11.1640	11.162	2.6	11.1135	2.6	10.888	2.7	101.0
Portugal	(Es)	277.772	+1.337	614 - 931	278.350	277.197	277.912	-0.6	278.197	-0.6	-	-	94.5
Spain	(Pta)	234.352	+1.184	262 - 441	234.760	233.610	234.486	-0.7	234.352	0.0	232.877	0.6	77.7
Sweden	(SKr)	12.3407	+0.0438	312 - 501	12.3851	12.3262	12.3217	1.8	12.2822	1.9	12.0862	2.1	84.8
Switzerland	(SFr)	2.4002	+0.0167	987 - 017	2.4046	2.3862	2.3914	4.4	2.3735	4.4	2.2893	4.6	102.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	98.4
Ecu	-	1.4234	+0.0066	225 - 242	1.4250	1.4199	1.4212	1.9	1.4165	1.9	1.3914	2.2	-
SDR†	-	1.171108	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6118	+0.0022	113 - 122	1.6163	1.6088	-	-	-	-	-	-	-
Brazil	(R$)	1.6970	+0.0028	964 - 975	1.7015	1.6939	-	-	-	-	-	-	-
Canada	(C$)	2.1996	-0.0027	985 - 008	2.2112	2.1955	2.1936	3.2	2.183	3.0	2.1384	2.8	85.8
Mexico	(New Peso)	12.9206	-0.0142	089 - 323	12.9328	12.8639	-	-	-	-	-	-	-
USA	($)	1.6121	+0.0023	116 - 125	1.6166	1.6091	1.6112	0.7	1.6095	0.7	1.6026	0.6	104.2
Pacific/Middle East/Africa													
Australia	(A$)	2.0501	-0.0031	488 - 513	2.0603	2.0461	2.05	0.1	2.0492	0.2	2.0451	0.2	98.3
Hong Kong	(HK$)	12.4834	+0.0219	793 - 874	12.5149	12.4605	12.4787	0.4	12.4678	0.5	12.4276	0.4	-
India	(Rs)	57.8001	+0.0807	436 - 565	57.8610	57.7180	-	-	-	-	-	-	-
Israel	(Shk)	5.4275	+0.0129	195 - 354	5.4367	5.4214	-	-	-	-	-	-	-
Japan	(Y)	196.001	+0.603	874 - 128	196.470	195.310	195.031	5.9	193.171	5.8	184.561	5.8	125.1
Malaysia	(M$)	3.9911	+0.0104	894 - 927	4.0003	3.9851	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2985	+0.0065	967 - 003	2.3019	2.2945	2.3014	-1.5	2.3065	-1.4	2.3268	-1.2	116.4
Philippines	(Peso)	42.4316	+0.0584	851 - 781	42.4895	42.3766	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0458	+0.0094	438 - 477	6.0606	6.0353	-	-	-	-	-	-	-
Singapore	(S$)	2.3073	+0.0068	060 - 085	2.3090	2.3025	-	-	-	-	-	-	-
South Africa	(R)	7.1866	+0.0198	813 - 918	7.1933	7.1696	-	-	-	-	-	-	-
South Korea	(Won)	1401.68	+4.37	806 - 529	1406.01	1398.05	-	-	-	-	-	-	-
Taiwan	(T$)	44.3475	+0.0458	029 - 921	44.4572	44.2985	-	-	-	-	-	-	-
Thailand	(Bt)	41.8658	+0.0915	130 - 186	41.9370	41.7850	-	-	-	-	-	-	-

† Rates for Mar 5. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	12.0941	+0.0503	915 - 966	12.1110	12.0300	12.0793	1.5	12.0341	2.0	11.8391	2.1	103.3
Belgium	(BFr)	35.4510	+0.1555	300 - 720	35.4950	35.2700	35.391	2.0	35.2635	2.1	34.7235	2.1	103.4
Denmark	(DKr)	6.5528	+0.0278	518 - 538	6.5601	6.5251	6.5439	1.6	6.5255	1.7	6.4438	1.7	105.0
Finland	(FM)	5.1261	+0.0138	223 - 298	5.1358	5.1085	5.1173	2.1	5.0986	2.1	5.0161	2.1	82.5
France	(FFr)	5.7958	+0.0227	950 - 965	5.8042	5.7662	5.7851	2.2	5.7641	2.2	5.6558	2.4	105.7
Germany	(DM)	1.7185	+0.0072	182 - 188	1.7210	1.7088	1.7153	2.2	1.7087	2.3	1.6751	2.5	104.5
Greece	(Dr)	269.550	+1.565	500 - 600	270.170	267.510	271.105	-6.9	273.675	-6.1	284.7	-5.6	68.3
Ireland	(I£)	1.5583	-0.0012	578 - 588	1.5656	1.5555	1.5578	0.3	1.5573	0.3	1.5586	0.0	-
Italy	(L)	1704.28	+0.46	380 - 475	1713.29	1701.00	1707.28	-2.1	1712.13	-1.8	1721.93	-1.0	75.4
Luxembourg	(LFr)	35.4510	+0.1555	300 - 720	35.4950	35.2700	35.391	2.0	35.2635	2.1	34.7235	2.1	103.4
Netherlands	(Fl)	1.9348	+0.0098	345 - 350	1.9372	1.9237	1.931	2.4	1.923	2.4	1.8875	2.4	102.8
Norway	(NKr)	6.9383	-0.0031	383 - 403	6.9954	6.9320	6.9356	0.6	6.9299	0.5	6.9043	0.5	99.8
Portugal	(Es)	172.310	+0.59	260 - 360	172.620	171.630	172.44	-0.9	172.59	-0.6	172.325	0.0	95.1
Spain	(Pta)	145.375	+0.52	360 - 390	145.630	144.650	145.465	-0.7	145.585	-0.6	145.38	0.0	77.5
Sweden	(SKr)	7.6553	+0.0165	515 - 590	7.6867	7.6441	7.6525	0.4	7.6427	0.7	7.5953	0.8	84.3
Switzerland	(SFr)	1.4889	+0.0083	884 - 894	1.4922	1.4790	1.4841	3.8	1.4747	3.8	1.4291	4.0	102.2
UK	(£)	1.6121	+0.0023	116 - 125	1.6166	1.6091	1.6112	0.7	1.6095	0.7	1.6026	0.6	98.1
Ecu	-	1.1326	-0.0037	322 - 329	1.1360	1.1314	1.1338	-1.2	1.1363	-1.3	1.1516	-1.7	-
SDR†	-	0.726718	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-0.0001	998 - 998	0.9998	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0527	+0.0002	526 - 527	1.0528	1.0524	-	-	-	-	-	-	-
Canada	(C$)	1.3645	-0.0036	642 - 647	1.3690	1.3635	1.3617	2.5	1.3564	2.4	1.335	2.2	85.4
Mexico	(New Peso)	8.0150	-0.02	100 - 200	8.0250	8.0050	8.133	-17.7	8.3995	-19.2	9.26	-15.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.8
Pacific/Middle East/Africa													
Australia	(A$)	1.2717	-0.0037	713 - 721	1.2745	1.2710	1.2724	-0.7	1.2732	-0.5	1.2785	-0.5	100.1
Hong Kong	(HK$)	7.7438	+0.0028	434 - 441	7.7444	7.7420	7.7437	0.0	7.7443	0.0	7.7553	-0.1	-
India	(Rs)	35.8550	-	300 - 800	35.8810	35.8250	36.07	-7.2	36.53	-7.5	-	-	-
Israel	(Shk)	3.3668	+0.0033	628 - 708	3.3720	3.3605	-	-	-	-	-	-	-
Japan	(Y)	121.585	+0.205	540 - 630	121.810	120.870	121.05	5.3	120.025	5.1	115.225	5.2	126.0
Malaysia	(M$)	2.4758	+0.003	754 - 761	2.4775	2.4720	2.4787	-1.4	2.484	-1.3	2.5053	-1.2	-
New Zealand	(NZ$)	1.4258	+0.002	251 - 265	1.4270	1.4239	1.4281	-1.9	1.4324	-1.9	1.4531	-1.9	-
Philippines	(Peso)	26.3215	-0.0005	000 - 430	26.3430	26.3000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-	502 - 505	3.7506	3.7501	3.7506	-0.1	3.7511	-0.1	3.753	-0.1	-
Singapore	(S$)	1.4313	+0.0035	309 - 316	1.4330	1.4270	1.4291	1.8	1.4245	1.9	1.4033	2.0	-
South Africa	(R)	4.4580	+0.006	560 - 600	4.4615	4.4460	4.4987	-11.0	4.5737	-10.4	4.8885	-9.7	-
South Korea	(Won)	869.500	+1.5	500 - 500	872.000	866.400	-	-	-	-	-	-	-
Taiwan	(T$)	27.5100	-0.01	900 - 300	27.5310	27.4800	27.5101	0.0	27.5103	0.0	-	-	-
Thailand	(Bt)	25.9705	+0.0205	450 - 960	26.0000	25.9350	26.0605	-4.2	26.226	-4.0	26.8655	-3.4	-

† SDR rate per $ for Mar 5. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 5: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

March 6	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	3¼	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	3¼	3¼	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	3⅛	4.50	2.50	3.00
Ireland	5¾	5¾	[illegible]	[illegible]	5⅞	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	7	8.25	6.75	7.35
Netherlands	3	[illegible]	[illegible]	3¼	[illegible]	-	3.00	3.30
Switzerland	1¾	1⅞	1⅞	1⅞	[illegible]	-	1.00	-
US	[illegible]	5¼	5½	[illegible]	6	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	½	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.14	5.20	5.33	5.61	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	3⅜	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

Mar 6	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3¼ - 3	[illegible]	3½ - 3⅜	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible] - 3½	[illegible] - 3½	[illegible]	3⅝ - [illegible]	[illegible] - 3⅝	[illegible]
German Mark	[illegible]	[illegible]	[illegible] - 3⅛	3¼ - 3⅛	3¼ - 3⅛	[illegible]
Dutch Guilder	3 - [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	3¼ - 3⅛	[illegible]	[illegible]	[illegible] - 3¼	3⅜ - [illegible]	3½ - 3⅜
Portuguese Esc.	[illegible]	6⅞ - [illegible]	[illegible]	6¼ - [illegible]	[illegible] - 6	[illegible]
Spanish Peseta	[illegible]	[illegible] - 5⅞	[illegible]	[illegible]	5⅞ - [illegible]	[illegible]
Sterling	6 - 5¾	[illegible]	6⅛ - 5⅞	6¼ - 6	[illegible]	6¾ - 6½
Swiss Franc	[illegible] - 1¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	3 - [illegible]	[illegible] - 2⅞	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	5⅜ - 5¼	[illegible]	[illegible]	[illegible]	6 - 5⅞
Italian Lira	[illegible]	[illegible]	7½ - 7⅜	[illegible] - 7¼	[illegible] - 7⅛	[illegible] - 7
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	2⅞ - 2¾	3¼ - 3⅛	[illegible]	3⅛ - 3	[illegible]	3⅜ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.64	96.64	-	96.65	96.63	9,670	41,685
Jun	96.62	96.62	-	96.62	96.60	15,283	55,162
Sep	96.57	96.56	-0.01	96.57	96.53	6,204	41,308

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.77	96.76	-0.01	96.77	96.76	1870	6148
Jun	96.76	96.75	-0.01	96.77	96.74	40088	188942
Sep	96.70	96.67	-0.02	96.71	96.67	28572	168919
Dec	96.55	96.52	-0.03	96.56	96.51	36935	181775

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.71	96.72	-0.01	96.73	96.71	713	19320
Apr	96.78	96.78	-0.01	96.78	96.78	100	4743
May		96.80	-0.01			0	3997
Jun		96.80	-0.01			0	510

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.67	92.68	+0.03	92.70	92.66	7552	62224
Jun	93.08	93.11	+0.04	93.15	93.06	24533	105855
Sep	93.32	93.36	+0.06	93.41	93.30	7708	49186
Dec	93.36	93.42	+0.08	93.48	93.34	6208	34021

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.15	98.14	-0.02	98.20	98.12	4161	29825
Jun	98.17	98.17	-	98.21	98.14	19298	35951
Sep	98.14	98.14	-0.01	98.19	98.10	8129	18726
Dec	98.08	98.03	-0.02	98.10	97.98	3289	14753

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.44	99.44	-0.01	99.44	99.44	2081	n/a
Jun	99.42	99.42	+0.02	99.42	99.42	432	n/a
Sep	99.30	99.32	+0.02	99.33	99.30	1180	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.76	95.75	-0.01	95.77	95.76	753	9685
Jun	95.77	95.77	-0.01	95.79	95.77	942	6599
Sep	95.77	95.75	-0.02	95.78	95.76	288	4210
Dec	95.75	95.72	-0.02	95.75	95.73	133	4735

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9250	0.21	0.70	1.00	0.03	0.09	0.14
9275	0.04	0.51	0.81	0.11	0.15	0.20
9300	0.01	0.34	0.63	0.33	0.23	0.27

Est. vol. total, Calls 3457 Puts 1945. Previous day's open int., Calls 175338 Puts 91550

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 6		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.35	4.847	1.811	4807	5.458	19.58	486.1	410.1	21.59	4.199	1.750	3.850	2.821	343.0	2.490
Denmark	(DKr)	54.12	10	8.848	2.623	0.980	2601	2.954	10.60	263.1	222.0	11.69	2.273	0.947	2.083	1.527	185.6	1.348
France	(FFr)	61.17	11.30	10	2.965	1.108	2940	3.338	11.98	297.3	250.9	13.21	2.569	1.070	2.355	1.725	209.8	1.523
Germany	(DM)	20.63	3.812	3.373	1	0.374	991.7	1.126	4.040	100.3	84.62	4.455	0.866	0.361	0.794	0.582	70.76	0.514
Ireland	(I£)	55.22	10.20	9.027	2.676	1	2654	3.014	10.81	268.4	226.5	11.92	2.319	0.966	2.126	1.557	189.4	1.375
Italy	(L)	2.080	0.384	0.340	0.101	0.038	100.	0.114	0.407	10.11	8.533	0.449	0.087	0.036	0.080	0.059	7.135	0.052
Netherlands	(Fl)	18.32	3.386	2.996	0.888	0.332	880.7	1	3.588	89.07	75.15	3.956	0.769	0.321	0.705	0.517	62.84	0.456
Norway	(NKr)	51.07	9.437	8.349	2.475	0.925	2455	2.787	10	248.3	209.5	11.03	2.145	0.894	1.966	1.441	175.2	1.272
Portugal	(Es)	20.57	3.801	3.363	0.997	0.373	988.8	1.123	4.028	100.	84.38	4.442	0.864	0.360	0.792	0.580	70.55	0.512
Spain	(Pta)	24.38	4.505	3.986	1.182	0.442	1172	1.331	4.774	118.5	100.	5.265	1.024	0.427	0.939	0.688	83.62	0.607
Sweden	(SKr)	46.31	8.558	7.571	2.245	0.839	2226	2.528	9.068	225.1	190.0	10	1.945	0.810	1.783	1.306	158.8	1.153
Switzerland	(SFr)	23.81	4.400	3.893	1.154	0.431	1145	1.300	4.663	115.8	97.67	5.142	1	0.417	0.917	0.672	81.67	0.593
UK	(£)	57.15	10.56	9.343	2.770	1.035	2747	3.119	11.19	277.8	234.4	12.34	2.400	1	2.200	1.612	196.0	1.423
Canada	(C$)	25.98	4.800	4.247	1.259	0.470	1249	1.418	5.086	126.3	106.5	5.609	1.091	0.455	1	0.733	89.09	0.647
US	($)	35.45	6.551	5.796	1.718	0.642	1704	1.935	6.942	172.3	145.4	7.655	1.489	0.620	1.365	1	121.6	0.883
Japan	(Y)	29.16	5.388	4.767	1.413	0.528	1402	1.591	5.709	141.7	119.6	6.296	1.224	0.510	1.122	0.822	100.	0.726
Ecu		40.16	7.421	6.566	1.947	0.727	1930	2.192	7.864	195.2	164.7	8.672	1.687	0.703	1.546	1.133	137.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5844	0.5813	-0.0030	0.5857	0.5813	17,216	91,533
Jun	0.5875	0.5855	-0.0021	0.5889	0.5840	7,208	21,004
Sep	0.5895	0.5888	-0.0026	0.5895	0.5888	109	2,597

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6759	0.6705	-0.0052	0.6769	0.6705	9,592	47,747
Jun	0.6824	0.6767	-0.0053	0.6828	0.6767	1,718	8,313
Sep	0.6840	0.6840	-0.0048	0.6840	0.6835	2	1,791

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8260	0.8237	-0.0023	0.8290	0.8220	15,777	70,504
Jun	0.8366	0.8342	-0.0024	0.8387	0.8330	4,356	8,769
Sep	0.8465	0.8450	-0.0028	0.8465	0.8450	15	724

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6134	1.6102	-0.0026	1.6166	1.6090	6,583	33,720
Jun	1.6136	1.6060	-0.0044	1.6136	1.6060	565	3,656
Sep	1.5060	1.6060	-0.0018	1.6060	1.6040	8	1,226

UK INTEREST RATES

LONDON MONEY RATES

Mar 6	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5½	[illegible]	[illegible]	6¼ - 6⅛	[illegible]	6¾ - 6⅝
Sterling CDs	-	-	[illegible]	6¼ - [illegible]	[illegible]	6⅝ - [illegible]
Treasury Bills	-	-	5⅞ - 5¾	6 - [illegible]	-	-
Bank Bills	-	-	[illegible] - 5⅞	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible] - 6	[illegible]	[illegible]	[illegible]
Discount Market deps	5⅞ - 5¾	5⅞ - 5¾	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc. Ave. tender rate of discount on Feb 28, 5.7574pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 28, 1997. Agreed rate for period Mar 26, 1997 to Apr 21, 1997, Scheme III 7.53pc. Reference rate for period Feb 1, 1997 to Feb 28, 1997, Schemes IV & V 6.286pc. Finance House Base Rate 6½pc from Mar 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.74	93.75	+0.02	93.76	93.73	14629	93764
Jun	93.54	93.57	+0.04	93.60	93.53	31935	124451
Sep	93.32	93.35	+0.05	93.40	93.31	24469	91064
Dec	93.17	93.21	+0.06	93.25	93.16	20275	63674
Mar	93.08	93.09	+0.05	93.13	93.05	5039	44986

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.02	0.06	0.06	0.02	0.24	0.46
9400	0	0.01	0.02	0.25	0.44	0.67
9425	0	0	0.01	0.50	0.68	0.91

Est. vol. total, Calls 5055 Puts 12205. Previous day's open int., Calls 224865 Puts 187880

EMS EUROPEAN CURRENCY UNIT RATES

Mar 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Portugal	197.398	196.090	+0.014	-0.66	2.83	4
Finland	5.85424	5.83444	+0.00475	-0.34	2.49	2
Ireland	0.798709	0.730576	-0.000825	-8.53	11.67	57
Spain	163.826	165.447	+0.014	0.99	1.15	-7
Netherlands	2.16979	2.20076	+0.00225	1.43	0.71	-11
Denmark	7.34555	7.45591	+0.00224	1.50	0.64	-10
Germany	1.92573	1.95566	+0.0014	1.55	0.58	-15
Belgium	39.7191	40.3433	+0.0289	1.57	0.57	-11
Austria	13.5485	13.7628	+0.0086	1.58	0.56	-12
Italy	1906.48	1945.60	-3	2.05	0.09	-15
France	6.45863	6.59738	+0.0039	2.15	0.00	-18
NON ERM MEMBERS						
Greece	295.269	306.839	+0.661	3.92	-1.70	-
UK	0.793103	0.706314	-0.002282	-10.94	14.70	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.600	1.72	2.57	3.28	0.44	1.36	2.18
1.610	1.07	2.06	2.74	0.74	1.79	2.57
1.620	0.59	1.59	2.33	1.29	2.33	3.11

Previous day's vol., Calls 1,200 Puts 227. Prev. day's open int., Calls 35,359 Puts 51,070

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
0.580	0.19	0.52	0.88	0.77	1.03	1.25
0.585	0.09	0.36	0.65	1.17	1.41	1.56
0.600	0.04	0.24	0.49	1.61	1.74	-

Previous day's vol., Calls 1,362 Puts 48. Prev. day's open int., Calls 34,563 Puts 31,002

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.41	94.41	-	94.42	94.41	51,491	355,820
Jun	94.18	94.19	+0.01	94.21	94.18	88,744	415,470
Sep	93.97	93.98	+0.02	94.01	93.97	90,884	314,255

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.92	94.91	-	94.92	94.91	913	2,957
Jun	94.76	94.76	+0.01	94.77	94.76	243	4,555
Sep	-	94.56	-	94.56	-	156	1,996

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9675	0.02	0.05	0.07	0.09	0.02	0.05	0.07	0.09
9700	0	0.01	0.02	0.02	0.25	0.28	0.27	0.27
9725	0	0	0	0	0.50	0.50	0.50	0.50

Est. vol. total, Calls 4681 Puts 9370. Previous day's open int., Calls 541261 Puts 315101

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9825	0.02	0.10	0.16	0.13	0.18	0.27
9850	0.01	0.03	0.06	0.37	0.36	0.42

Est. vol. total, Calls 500 Puts 50. Previous day's open int., Calls 5935 Puts 3960

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	● Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00	* In administration	
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE INSURANCES

LUXEMBOURG (REGULATED)(**)

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

ENGINEERING - Cont.

GAS DISTRIBUTION

HEALTH CARE

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

HOUSEHOLD GOODS

INSURANCE

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

● MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland/Irish Department of Enterprise and Employment
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
OEIC - Open Ended Investment Company.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:

(☆) 0001 to 1100 hours
(◆) 1101 to 1400 hours
(▲) 1401 to 1700 hours
(#) 1701 to midnight
E Exit charge on sale of units.
C Manager's periodic charge deducted from capital.
H Historic pricing F - Forward pricing
h Distribution free of UK taxes.
p Periodic premium insurance plans.
s Single premium insurance.
u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x Offered price includes all expenses except agent's commission.
y Previous day's price.
§§ Guernsey gross.
♦ Yield before Jersey tax.
† Ex-subdivision. xd - Ex-dividend.
‡ Only available to charitable bodies.
◆ Yield column shows annualised rates of NAV increase.

The fund prices published in this edition are also available at the Financial Times' web site, http://www.FT.com

LONDON STOCK EXCHANGE

FTSE indices advance into new high ground

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The FTSE 100 index broke through the 4,400 level for the first time yesterday, hitting new closing and intra-day highs in the process, as European markets registered their relief at the latest comments by Mr Alan Greenspan, chairman of the US Federal Reserve.

He told Congress that the Fed had no intention of raising interest rates simply to bring about a correction in the stock market.

Other leading UK indices also penetrated their previous intra-day and closing levels as a wave of buying interest from UK and overseas institutions flooded into all sections of the market.

The FTSE 100 hit an all-time intra-day record of 4,402.7, but came off its best levels to close a net 39.2 ahead at 4,399.3. The FTSE 250 finished at a new peak of 4,707.5, up 28.9, while the SmallCap ended 7.0 up at 2,360.1, having touched a peak of 2,360.3.

Strategists said the second half of Mr Greenspan's testimony to the US Congress had reassured the big institutions, many of whom had been holding back from pushing more cash into stocks in case the Fed chairman repeated his warning of irrational exuberance on Wall Street.

Mr Greenspan told Congress that if analysts' forecasts of earnings growth were correct then shares were probably properly priced, although he added the rider that if margins did not improve in the next few quarters then the market will run into some difficulty.

Other powerful positives behind the market's surge yesterday included a batch of generally encouraging corporate results from leading FTSE 100 stocks. Dealers said the institutions were still full of cash which was now finding its way into the market via the future and from straight buying in the cash market.

The prospect of more share buy-backs provided another bull point, while the possibility of more takeover action in the near and medium term was seen as another excuse to chase the market higher.

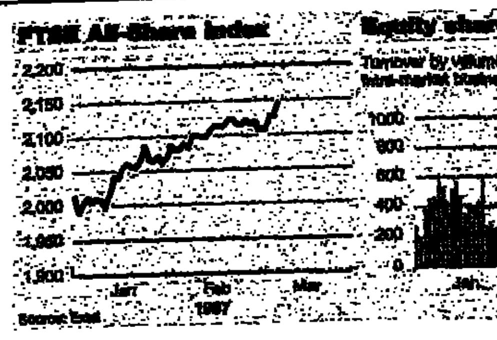
A handful of bearish stories caused some anxious moments, but were generally quickly brushed aside. They included a rather mixed Confederation of British Industry survey of distributive trades for February, which showed a worryingly large percentage of high street retailers reporting a slowdown in sales last month.

But the winners easily swamped the losers across the market, with the oil majors and exploration stocks posting big gains again and the life assurance and investment management stocks all sharply higher amid hopes that the Government's new pensions proposals will prove good news for those sectors.

Some observers adopted a slightly cautious tone after the market's steep rise this week, pointing out that a mixture of strong liquidity and market-makers short of stock could be a recipe for over-reaction.

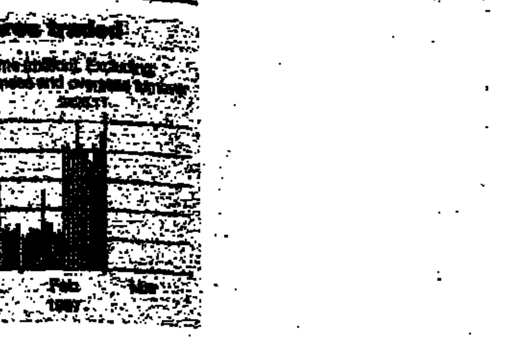
Turnover at 6pm was a good 975m shares, split almost evenly between FTSE 100 and other stocks.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Source: Datastream

Indices and ratios

FTSE 100	4399.3	+39.2	FT 30	2911.5	+19.0
FTSE 250	4707.5	+28.9	FTSE Non-Fins p/e	18.89	18.88
FTSE 350	2174.6	+18.1	FTSE100 Fut Mar	4379.0	+29.0
FTSE All-Share	2145.25	+16.93	10 yr Gilt yield	7.34	7.34
FTSE All-Share yield	3.53	3.54	Long gilt/equity yld ratio	2.10	2.12

Best performing sectors

1 Tobacco .... +3.0
2 Diversified Industrials .... +1.8
3 Other Financial .... +1.7
4 Alcoholic Beverages .... +1.6
5 Life Assurance .... +1.6

Worst performing sectors

1 Insurance .... −0.3
2 Distributors .... −0.2
3 Retailers: Food .... −0.2
4 Media .... −0.1
5 Textiles & Apparel .... −0.1

Acreage boost for Shell

Shell Transport led the oil sector higher on very heavy trading volume as a confection of good news filtered through from the US.

First, the company was granted the largest acreage in the latest round of bids for drilling sites off the Gulf of Mexico. The oil major was awarded 120 blocks – most of them in the rich deepwater field – after competing with more than 100 other bidders.

Second, analysts said Shell had agreed with Exxon to combine the two companies' research into additives. Although the move will lead to job cuts it will lift return on capital.

Then, on Wednesday night, US investors bought Royal Dutch shares heavily and boosted the price by 3 per cent.

Subsequently, one market-maker traded a block of 8m shares and another of 9m at 1,076p and 1,077p a share. With that business out of the way, the underlying price jumped 13 to 1,076½p.

Mr Fergus MacLeod of NatWest Securities, who was yesterday putting the finishing touches to a big "strategic reassesment" of the company, said: "There is an accumulation of evidence that Shell is changing and becoming much more focused on shareholder returns and costs."

British-Borneo, which successfully bid for 33 Gulf of Mexico blocks, gained 65 to 1,315p.

Glaxo Wellcome achieved a remarkable turnaround yesterday in the face of broker caution and what looked initially like a veiled profits warning from the company.

To begin with the shares shrugged off Wednesday night's near 100-point rise by the Dow Jones Industrial Average and were off nearly 30 in the first hour of dealing.

The shares had responded to a reassessment of the company's exposure to currency shifts by Goldman Sachs. Dealers also marked them lower as they noted that earnings would be flat for the next two years and a £2.964bn profit which was at the bottom of the range of analysts' forecasts.

Then, at the meeting with analysts, the company dealt its trump card: a promise that it would return to double-digit growth in two years time as a worst case scenario.

The announcement was seen by some as a counter-offensive against the views of Merrill Lynch, the leading bear of the stock, which cut its Glaxo growth forecast in November.

Yesterday, Mr James Culverwell of Merrill reduced his current-year earnings per share estimate by 8.5 per cent to 54.3p and remained officially neutral. However, he conceded that, in the light of the company's enthusiasm and share price underperformance, the stock was "starting to look attractive".

Meanwhile, a delighted Mr Steve Plag of BZW – one of the most enduring Glaxo enthusiasts – argued that Glaxo was on track to achieve earnings growth of up to 13 per cent in 1999.

Glaxo ended the day 14 up at 1,049p – just 7p below the record close on Tuesday – with turnover of 23m shares.

Dealers in Rolls Royce rubbed their hands with glee as they welcomed figures from the aero-engine manufacturer that included the first dividend increase for nearly six years.

The group posted full-year figures at the top end of market expectations and analysts were further encouraged by an upbeat post-results meeting.

But it was the increase in the final dividend from 5p to 5.3p, the first such increase since 1991, that particularly pleased the market.

Analysts expect it to rise to 6p this year. One said: "I see earnings growth continuing at between 15 and 20 per cent a year over the next two years." Shares in the group jumped 16 to 255p.

Supporters of the stock suggested it was now on course to hit the 300p level within the next year, surpassing its peak of 267½p reached last October.

Analysts upgraded profit expectations at the group. Forecasts were lifted by around £20m to a new range of £295m to £300m.

Ladbroke hardened 11 pence to 236p after results at the top of market expectations. Mr Greg Feehely, of Dresdner Kleinwort Benson, said that key strengths were the rebound in UK retail betting and UK hotels.

Two issues potentially clouded an otherwise very strong story, he said – whether Ladbroke issued equity to Hilton Hotel Corporation, and whether it entered the bidding fray for Capital Corporation.

Speculation that Carlton Communications and First Leisure were considering a break-up bid for Rank was regarded with scepticism by most brokers. Rank rose 5½ to 435½p. Carlton eased 7 to 536½p although First Leisure hardened 2 to 375½p.

Hopes that windfall gains from de-mutualisation of building societies will be spent on dream holidays helped push a number of stocks including Airtours, which rose 17 to 1,033½p, and First Choice, which gained 5½ to 106½p.

Royal & Sun Alliance fell 9½ to 494p as the insurer announced £167m in provisions and a 19p dividend which disappointed many analysts who had been quietly inking in 20p. Also the net asset valuation was below forecast.

Arjo Wiggins Appleton, the paper group, which has suffered very badly over the past couple of years, bounced more than 9 per cent on 1996 profits that were up 86 per cent to £133.9m. The shares closed 15½ up at 185½p.

Enterprise Oil was helped by a "buy" recommendation from Lehman Brothers. Also, the company announced it had raised its estimate for reserves at the Nelson Field in the North Sea by 25m barrels or 10 per cent. The shares rose 7½ to 632½p.

Guinness hardened 8½ to 476½p. SGST reiterated its "buy" recommendation on the drinks group on the basis that the stock looked undervalued.

Cadbury Schweppes strengthened 10 to 539p following results earlier this week when the market responded favourably to comments by Mr John Sunderland, the new chief executive. However, concerns remain about the group's US beverages business.

GiroVend Cashless Systems, the smart card group, made its market debut following a placing at 160p a share by Collins Stewart. They started trading at 178½ and closed at 182½p.

The prospect of a share buy-back at industrial conglomerate BTR, as the group reported figures above expectations, saw the shares improve 7 to 259½p.

Improved figures at GKN helped boost the group's shares 18½ to 974p.

FT 30 INDEX

	Mar 6	Mar 5	Mar 4	Mar 3	Feb 28	Yr ago	*High	*Low
FT 30	2911.5	2892.5	2884.6	2845.8	2847.5	2794.1	2885.2	2668.8
Ord. div. yield	3.88	3.91	3.92	3.97	3.96	3.85	4.22	3.76
P/E ratio net	17.88	17.76	17.74	17.50	17.53	16.84	17.85	15.80
P/E ratio nil	17.66	17.54	17.52	17.28	17.32	16.62	17.63	15.71

FT 30 since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2910.1	2912.1	2914.3	2907.4	2912.4	2911.2	2910.2	2911.2	2911.1	2915.4	2906.0

	Mar 6	Mar 5	Mar 4	Mar 3	Feb 28	Yr ago
SEAQ bargains	55,031	52,508	50,812	50,381	46,175	35,177
Equity turnover (£m)†	–	NA	NA	3522.8	3101.5	2093.6
Equity bargains†	–	NA	NA	42,651	41,371	41,281
Shares traded (mil)†	–	NA	NA	2428.1	926.0	696.1

†Excluding intra-market and overseas turnover.

	Mar 6	Mar 5	Mar 4	Mar 3	Feb 28	Yr ago	*High	*Low
FTSE AIM	1125.9	1129.3	1132.3	1133.9	1134.3	969.0	1140.4	965.7

 *For 1996/97.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	794	Total Highs	244	Total contracts	54,440
Total Falls	401	Total Lows	31	Calls	29,678
Same	1,225			Puts	24,762

Mar 6 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4437.5	4379.0	+31.0	4390.0	4374.0	15931	58173
Jun	4395.0	4399.0	+31.5	4408.5	4396.0	4928	13022
Sep	4425.0	4424.0	+31.0	4432.0	4425.0	68	2217

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4700.0	4710.0	+27.0	4710.0	4700.0	17	5846
Jun	4730.0	4730.0	+29.0	4730.0	4730.0	10	530

FTSE 100 INDEX OPTION (LIFFE) (*4396) £10 per full index point

	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P	4350 C	4350 P	4400 C	4400 P	4450 C	4450 P	4500 C	4500 P	4550 C	4550 P
Mar	196	5	146	6½	99	16	59½	29½	30	51	11	84½	3	127½	1	176
Apr	209	24½	168½	33½	130	45½	97	62½	68	83½	41½	110	24½	144	12½	183
May	236½	46	191½	55½	155	70	123	87½	93	107½	68	133½	48	163½	32½	195½
Jun	258½	59	218	70½	186	88	152	104½	120½	124½	96	150½	72	177	56	211
Dec†	360½	120½			301½	153			261	193½			191½	243½		

Calls 11,265 Puts 10,853

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4225 C	4225 P	4275 C	4275 P	4325 C	4325 P	4375 C	4375 P	4425 C	4425 P	4475 C	4475 P	4525 C	4525 P	4575 C	4575 P
Mar	169½	7½	116	12	76	22	42	38	19½	65½	7½	103	2	147½	1	196
Apr	185	29	145½	39½	109½	53	78	71	52	95	32	124	18	166	10	201
May	205	45	169½	57½	135	74	105½	93½	80	117½	58½	145½	40½	177	28	213½
Jun	237½	65½	200½	78½	168½	94	138½	112	109	134½	84	158½	64½	188½	46	221
Sept†	283½	100½			228	132			176½	171½			121½	218½		

Calls 8,966 Puts 4,208 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996/97 High	1996/97 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§100	F.P.	3.25	111½	106½	†Anglo-Welsh	106½		L2.4	-	2.8	-
§125	F.P.	23.5	148½	121½	†Aortech	136½		-	-	-	-
§	F.P.	8.97	180	128½	†CSB Publishing	175		-	-	-	-
§	F.P.	1.80	1½	½	†Do Warrants	1		-	-	-	-
75½	F.P.	2,843	77½	55	Centrica	64¼		-	-	-	-
§250	F.P.	97.0	335	305	Core Group	333½	+6½	-	-	-	-
525	F.P.	2,754	570½	520	Energy Group	528½	+4½	W21.0	2.5	5.0	10.2
§160	F.P.	-	183½	178½	Girovend Csh Sys	182½		-	-	-	-
§28	F.P.	5.90	31½	28½	Howle	30½		-	-	-	1.6
§125	F.P.	29.8	157	141½	†Infobank Intl	155	+6	-	-	-	-
§140	F.P.	21.3	171	164½	Nord Anglo Ed	165½		W3.02	1.8	3.0	17.5
§	F.P.	69.3	292½	220	Pad Group	285½		5.43	2.4	2.4	22.3
§	F.P.	11.5	6	3¼	†Screen	6	+¼	-	-	-	24.7
-	F.P.	12.7	61½	47½	TR Euro Gwth Wts	59	+1½	-	-	-	-
§100	F.P.	6.39	105	99	Tea Plantations	102		-	-	-	-
§	F.P.	27.3	128½	95½	Technoplast	106	+2	-	-	-	-
§40	F.P.	6.93	43½	40½	†VFG	41½		-	-	-	26.2

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Mar 6	% chg on day	Mar 4	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1814.10	-1.7	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Regional Indices								
Africa (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australasia (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North America (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

 Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Mar 6	Day's chge%	Mar 5	Mar 4	Mar 3	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4399.3	+0.9	4360.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 250	4707.5	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 250 ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350	2174.6	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Higher Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350 Lower Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	2360.1	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share	2145.25	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FTSE Actuaries Industry Sectors

	Mar 6	Day's chge%	Mar 5	Mar 4	Mar 3	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Extractive Industries(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15 Oil, Integrated(3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Oil Exploration & Prod(12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20 GEN INDUSTRIALS(273)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 Building & Construction(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Building Matls & Merchs(32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23 Chemicals(26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24 Diversified Industrials(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Electronic & Elect Equip(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Engineering(70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Engineering, Vehicles(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28 Paper, Pckg & Printing(27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Textiles & Apparel(14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 CONSUMER GOODS(88)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Alcoholic Beverages(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Food Producers(25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Household Goods(17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Health Care(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37 Pharmaceuticals(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38 Tobacco(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 SERVICES(273)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Breweries, Pubs & Rest.(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(681)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(127)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FTSE All-Share(914)	2145.25	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Time of FTSE 100 Day's high: [illegible] Day's low: [illegible]

FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Constrn	1307.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pharmaceuticals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks, Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	2,800	522	+6
ASDA Group†	11,300	110½	-
Abbey National†	4,400	775½	+10½
Airtours	221	1033½	+17
Albert Fisher	1,600	42½	
Allied Domecq†	4,100	481	+6
Anglian Water	242	658½	+4
Argos†	158	679	+1½
Arjo Wiggins	4,900	185½	+15½
Assoc. Brit. Foods†	105	488	+7½
Assoc. Brit. Ports	1,300	299½	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

WATER

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

AIM

AIM - Cont.

AMERICANS

CANADIANS

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

RETAILERS, FOOD

TELECOMMUNICATIONS

TEXTILES & APPAREL

RETAILERS GENERAL

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£34½	—	*£31¾	£20¼	1,865	3.1	ϕ
Barlow		[illegible]	[illegible]	[illegible]	£5¼	1,345	2.2	13.8
Gold Flds Prop R	†	138½	-¼	171½	120	14.3	6.5	10.3
MK Props		65	—	92	60	2.81	13.7	–
SASOL		845	—	710	523	3,777	1.7	–
SA Brews		£18¼	[illegible]	£24¾	£13¼	5,392	1.9	ϕ
Standard Bank		£25¼	[illegible]	£31¾	£21	3,084	1.4	22.5
Tiger Oats		1055	—	1160	770	1,387	1.7	20.5
Tongaat-Hulett		767½	-1	1125	678½	726.7	2.4	ϕ

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Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♦ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xC ex capital distribution.

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NEW YORK STOCK EXCHANGE PRICES

4 pm close March 6

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
32	24¼	AAR x	0.48	1.8	21	707	26	25⅝	26	
46⅛	33	AMP	1.04	2.7	29	3689	38⅞	38½	38¾	-⅛
97½	66	AMR			8	3523	83½	81⅞	82⅞	-¾
50½	33¼	ASA	1.20	3.3	34	236	36⅝	36	36⅜	+⅞
60⅛	38⅛	AbbtL	1.08	1.9	23	14882	59¾	57¼	57½	-1¼
17½	12⅛	Abitibi Pr x	0.40	2.5	8	1821	16⅜	16⅛	16¼	
20¼	13½	ABM Ind	0.40	2.2	17	128	18⅝	18⅛	18¼	-¼
23	13⅞	Acptnceln			11	408	u23	22⅝	22⅞	+⅝
65¾	37¾	ACE Ltd	0.72	1.1	10	439	64⅞	64⅝	64¾	-⅛
10¾	9⅛	ACM Gvt In x	0.90	8.5	11	425	u10¾	10½	10⅝	
7⅞	6⅝	ACM GvOpp x	0.63	8.5		216	7⅜	7⅜	7⅜	-⅛
9⅞	8⅛	ACM Man x	0.90	9.5		103	9⅝	9½	9½	
13⅞	6⅛	Acme Elect				30	7	6⅞	6⅞	-⅛
21⅝	13⅞	Acme Mills			70	22	16¼	16¼	16¼	-⅛
33¼	27¼	Acordia x	0.80	2.5	15	47	32⅝	32½	32½	+⅛
29¾	12	Acuson				1560	u29¾	28⅞	29⅛	-⅞
21⅛	17⅞	Adams Expr	0.55	2.7	1	244	20⅞	20¾	20¾	
39	10¼	AdvMic				10567	38⅝	37⅝	37¾	-½
15	8½	Advest Grp			10	103	14⅛	13¾	13⅞	-⅛
26⅛	9⅛	Adm Inc			27	217	12⅝	11⅝	12	-½
68¼	41⅛	Aegon	1.18	1.7	20	537	68⅛	66⅝	68	+1¼
6¾	3½	Aerflx				138	4⅛	4	4⅛	+⅛
67⅝	40⅞	AES Corp				z0	63⅛	63⅛	63⅛	-⅝
88	57⅝	Aetna	0.80	0.9	63	5598	87	85	85⅞	-⅞
44	28¼	Aflac	0.40	1.0	15	3303	41½	40½	41	+⅝
22	17⅛	AGL Res	1.08	5.5	14	598	19⅝	19⅝	19½	
45¾	21¼	Ahmnsn	0.88	2.2	44	33895	41⅞	39¾	40¾	-1⅛

Continued on next page

هكذا من الأصل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

PACIFIC

AFRICA

NORTH AMERICA

INDICES

US INDICES

Dow Jones	Mar 5	Mar 4	Mar 3	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Industrials	6945.85	6852.72	6818.92	7067.46	5032.94	7067.46	41.22
				(18/2/97)	(10/1/96)	(18/2/97)	(8/7/32)
Home Bonds	103.05	103.11	103.1	106.88	100.99	108.77	54.99
				(14/2/96)	(15/7/96)	(18/10/93)	(1/10/81)
Transport	2430.44	2404.24	2373.11	2430.44	1882.71	2430.44	13.23
				(5/3/97)	(18/1/96)	(5/3/97)	(8/7/32)
Utilities	228.34	227.64	227.08	240.85	204.86	256.46	16.53
				(22/1/97)	(30/7/96)	(31/8/93)	(8/7/32)

DJ Ind. Day's high 6966.84 (6963.95) Low 6838.96 (6814.63) (Theoretical‡)
Day's high 6945.85 (6942.78) Low 6851.95 (6845.41) (Actual‡)

Standard and Poors	Mar 5	Mar 4	Mar 3	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Composite‡	801.99	790.95	795.31	816.29	598.48	816.29	4.40
				(18/2/97)	(10/1/96)	(18/2/97)	(1/6/32)
Industrials♥	934.86	921.86	927.72	950.96	702.07	950.96	3.52
				(18/2/97)	(15/1/96)	(18/2/97)	(30/6/32)
Financial	93.89	92.39	92.79	98.31	58.67	98.31	7.13
				(18/2/97)	(10/1/96)	(18/2/97)	(4/9/74)
NYSE Comp.	420.67	415.68	417.34	427.07	321.41	427.07	4.64
				(18/2/97)	(10/1/96)	(18/2/97)	(25/4/42)
Amex Comp.	600.89	597.04	594.82	617.81	524.20	617.81	524.20
				(22/5/96)	(16/7/96)	(22/5/96)	(16/7/96)
NASDAQ Cmp	1329.09	1317.37	1311.18	1388.06	988.57	1388.06	54.87
				(22/1/97)	(15/1/96)	(22/1/97)	(3/10/74)

■ RATIOS

	Feb 28	Feb 21	Feb 14	Year ago
Dow Jones Ind. Div. Yield	1.98	1.94	1.92	2.15
	Mar 5	Feb 26	Feb 19	Year ago
S & P Ind. Div. yield	1.77	1.73	1.72	1.87
S & P Ind. P/E ratio	22.56	22.69	22.84	21.05

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
AT & T	14,935,400	35¼	+⅛
Micron Tc	10,742,800	42¼	+2
K-Mart	10,486,400	13	+¼
Chrysler	8,719,300	31⅞	-⅜
Natl SemiC	4,346,200	30⅜	+2
WestingH	4,116,300	18¼	+¼
Pepsico	4,085,700	32⅞	-⅛
NationsBk	4,037,900	61⅞	......
Cypress Sm	3,854,000	14⅜	+1
Gen Motors	3,800,400	57¼	......

■ TRADING ACTIVITY

● Volume (million)

	Mar 5	Mar 4	Mar 3
New York SE	518.771	538.219	432.631
Amex	22.935	20.204	16.851
NASDAQ	673.301	607.795	543.439
NYSE			
Issues Traded	3,318	3,323	3,322
Rises	1,599	1,367	1,295
Falls	916	1,110	1,216
Unchanged	803	846	811
New Highs	124	190	78
New Lows	23	25	27

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	804.40	803.80	-0.35	806.40	803.90	79,265	165,281
Jun	813.30	811.70	-0.10	813.40	811.60	7,281	38,415

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	18420.0	18020.0	-280.0	18450.0	17970.0	43,538	167,906
Jun	18410.0	17970.0	-330.0	18420.0	17940.0	39,257	172,606

Open interest figures for previous day.

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ... day's highs and lows are the averages of the highest and lowest prices reached during the day by each ... highs and lows represent the highest and lowest values that the index has reached during the day. (The ... ♥ Subject to official recalculation.

INDEX FUTURES

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 6, 1997

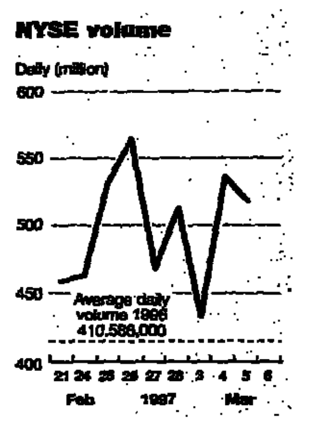
	Stocks Traded	Closing Prices	Change on day
Ricoh	7.1m	1400	-10
Tokio M&F Ins	6.6m	1240	+10
Shiseido	5.8m	1440	+10
Mitsubishi Hvy	5.7m	824	-13
Toshiba Corp	5.6m	666	-20
NKK Corp	5.1m	247	
Nippon Steel Cp	5.0m	322	-6
Honda Motor	4.7m	3680	-100
Yamaha Motor	4.6m	1030	-20
Fuji Heavy Inds	4.2m	577	-12

Dow edges close to the 7,000 level

AMERICAS

The Dow Jones Industrial Average continued its rebound, bringing the widely followed index of US stocks close to the 7,000 barrier that it first breached last month, *writes Richard Waters in New York.*

By lunchtime, the Dow was up 35.02 at 6,960.87. Meanwhile, the Standard & Poor's 500 held its position above 800, trading up 0.32 at 802.31. The Nasdaq composite fell back 5.69 to 1,323.4, however, as technology stocks gave up some of their recent advance.



The broader market's early gains continued the trajectory of the day before, when comments from Mr Alan Greenspan eased fears that the Federal Reserve chairman would raise interest rates to rein in the market's rise.

Energy companies recorded some of the strongest advances, with Chevron and Texaco, both of which are among the 30 stocks in the Dow, rising strongly. Chevron was up $1¼ at $66⅝, while Texaco climbed $1¼ to $103⅛.

Bank stocks, which benefited on Wednesday from the changing interest rate outlook, also had a good morning. Citicorp rose $1⅝ to $123⅞, while BankAmerica was up $1⅝ at $118⅛.

Mergers and acquisitions once again provided the fuel that powered some of the market's most actively traded stocks. Shares in Great Western, a savings and loans company which has been on the receiving end of a $6bn hostile takeover bid, rose $1¾ to $46⅞ as a white knight stepped into the fray. The new offer, from Washington Mutual, another West Coast savings and loan, was valued at $47⅞ a share.

Allwaste, a waste disposal company which was also on the receiving end of a bid, rose $2⅛ to $8⅞, valuing the company at around $320m. Philip Environmental, which made the offer, fell $⅛ to $15⅞.

Harte-Hanks Communications rose $3⅞ to $29⅞ after the company said that it was exploring ways to shed six daily regional newspapers and other interests, including a television station.

Among the technology stocks that lost ground yesterday, Microsoft fell back $2⅛ to $98⅞, while Intel dropped $2⅞ to trade at $146⅞.

TORONTO continued to gain ground, helped by Wall Street's early gains, good demand for bank shares and a steadier morning for golds. At the noon calculation, the 300 composite index was up 14.58 at 6,217.70.

Solid results from Canadian Imperial Bank helped keep the spotlight on the sector.

Royal Bank of Canada, which put out better than expected quarterly earnings on Wednesday, gained C$1.30 to C$59 for a rise of C$3.05 since Tuesday's close. Canadian Imperial added 90 cents to C$68.

Seagram rose C$1.15 to C$54.75. Prudential Steel gained C$1.00 to C$24.50 following best-ever quarterly earnings. Loewen Group shed C$1.45 to C$44 after Alexander Brown trimmed its recommendation from "strong buy" to "buy".

Big business as eight bourses peak again

EUROPE

Eight bourses peaked again, institutions buying in a big way and the rise in the dollar bringing more US investors into Europe.

PARIS pushed deeper into new high ground, helped by some solid profits news, and by an active day for the banking sector. The CAC 40 rose 32.73 to 2,698.92.

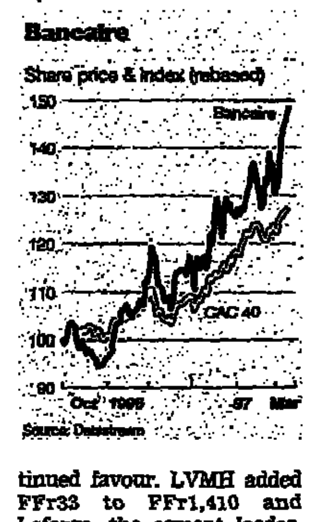
A combination of takeover speculation and fading interest rate concern sparked the banking revival. Suez rose FFr11.10 or 4 per cent to FFr291 and BNP jumped FFr7.70 to FFr272.20.

Paribas gained FFr6.50 to FFr394.50 amid talk of imminent restructuring for the group which has a 42 per cent stake in Bancaire, the big property lender.

The gossip swung from the possibility of a Bancaire disposal to Paribas making a bid for the rest of the company. Bancaire rose FFr41 or 5.5 per cent to FFr793 and its Cetelem consumer credit unit by FFr25 to FFr745.

Air Liquide jumped FFr37 or 4.1 per cent to FFr934 following stronger-than-expected results. An upbeat statement from Casino left the supermarkets group FFr9 ahead at FFr276 and Promodes stayed strong, advancing FFr43 to FFr1,780 ahead of today's results.

Dollar earners found continued favour. LVMH added FFr33 to FFr1,410 and Lafarge, the cement leader, rose FFr12 to FFr381.



FRANKFURT had another record-breaking day. The Dax index saw afternoon profit-taking and finished well off the top, but it still closed 21.10 better at an Ibis-indicated 3,396.55 after an intra-day high of 3,441.51.

Turnover climbed from DM17.3bn to DM19.7bn. This was its best in recent years, said Mr James Cornish at NatWest Securities, if triple expiry days for the Deutsche Terminbörse were left out of the equation.

Mr Leigh Hooper of BZW said from Frankfurt that the broker had raised its Dax target to 3,700 by the year end, which would mean a multiple of 16 on 1999 prospective earnings compared with a current 1996 p/e of around 25.

BZW thought this fair, given the results of tax reform, structural changes and rising corporate profits, especially since the latest fall in the D-Mark, from around DM1.65 to yesterday's DM1.71 to DM1.72, had not yet been factored into its earnings projections.

A broad range of blue chips led the Dax 30 gains. Among the midcaps, Kolbenschmidt came back from suspension and rose DM3.40 or 12.7 per cent to DM30.20 on speculation surrounding Rheinmetall's acquisition of a 25 per cent stake in the pistons manufacturer.

AMSTERDAM notched up another record, pushing the AEX index up by 9.44 to 764.67 with a number of strong corporate earnings stories supplying plenty of underpinning.

Ahold bounced Fl 5.20 or 4 per cent to Fl 137.40 after top-of-the-range results sparked broker earnings upgrades. Bolswessanen pleased, and the shares rose Fl 1.30 to Fl 36.20.

Hoogovens, which rose strongly last month but showed signs of nerves in recent sessions, rallied after an impressive results statement and an upbeat assessment for 1997. The shares gained Fl 1.60 to Fl 92.60.

FTSE Actuaries Share Indices

Mar 6							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2194.08	2195.11	2194.88	2196.28	2195.56	2196.62	2199.41	2198.85
FTSE Eurotrack 200	2229.07	2230.38	2228.11	2230.38	2230.73	2230.88	2233.33	2233.60

	Mar 5	Mar 4	Mar 3	Feb 28	Feb 27
FTSE Eurotrack 100	2186.43	2154.25	2125.96	2140.38	2149.57
FTSE Eurotrack 200	2204.80	2195.95	2166.74	2180.91	2187.43

Base value 1000 (26/10/90); Highday: 100 - 2200.03; 200 - 2235.38 Lowday: 100 - 2193.78 200 - 2226.77 † Partial.

Heineken stood out against the broad trend, shedding Fl 4.10 to Fl 340.90 ahead of next week's results.

ZURICH pushed further into uncharted territory, backed again by the firmer dollar and Wall Street's performance, and the SMI index rose 58.1 to 4,605.2.

The spotlight turned to the pharmaceutical sector. Novartis gained SFr37 to SFr1,747, with US investors still said to be keen buyers. Roche certificates added SFr190 to SFr12,510 and subscription rights for Ciba Specialty Chemicals rose SFr1.75 to SFr100.75.

Among the banks, SBC spurted SFr9 to SFr299. Analysts said that expectations for its 1996 results were growing since the bank was the first of the Swiss big three to announce sweeping changes in its provisions policy last year.

Credit Suisse Group regained its confidence after Wednesday's results, adding SFr2.75 to SFr161.00, but UBS saw recent gains eroded on late profit-taking, leaving the shares down SFr13 to SFr1,327.

Industrials had a good day with ABB up SFr27 to SFr1,764; Alusuisse climbed SFr22 to SFr1,212.

The dollar figured in another three bourse record highs. In **STOCKHOLM**, the general index gained 32.91 at 2,748.45, as foreign interest lifted Skandia, the insurer, by SKr14 to SKr239. In **HELSINKI**, it boosted forestries by 3.6 per cent as the Hex index rose 39.18 to 2,962.26. And in **BRUSSELS**, where the Bel-20 index ended 22.42 higher at 2,193.53, the shipping company, CMB, floated up with the dollar and rose BFr95 or 3.6 per cent to BFr2,720.

MILAN was supported by rising bonds and a strengthening lira which took the Comit index 9.32 higher to 765.19.

The telecommunications sector found favour, led by a L199 rise in Stet to L7,... lifted partly by reports, subsequently denied, that the company was discussing a broad-ranging alliance with AT&T.

Finmeccanica rose L17.0 to L791.3. Analysts welcomed news of its talks on joint ventures with GEC of the UK, saying that they could lead to a partnership of huge potential.

ISTANBUL rebounded 3 per cent after the Islamist prime minister calmed a six-day dispute with the military-dominated National Security Council by signing its weekend statement aimed at quelling a rise in Islamist activism.

The IMBK National 100 index picked up 110 to 1,4.. after the 14.9 per cent fall of the previous three sessions.

ATHENS recouped another 3.4 per cent as political tensions continued to ease. The general index rose 43.43 to 1,335.60, banking stocks leading the rally with a 5.2 per cent rise. The construction sector, already strong on the outlook for major infrastructure projects, added another 4.5 per cent as hopes rose that Athens would be among candidates named today as the host for the Olympic Games of 2004.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

Karachi drops 2.6% on power tariff uncertainty

ASIA PACIFIC

A government plan to revise the tariff for the purchase of electricity from private power companies put the energy sector under pressure and drove **KARACHI** 2.6 per cent lower.

Analysts said, however, that the market seemed to have overreacted, since details of the plan were still awaited.

The KSE index fell 42.26 to 1,593.29. Hub Power lost Rs1.75 to Rs37.75 and Lever Brothers fell Rs32 to Rs705.

TOKYO fell sharply for the second day running, traders blaming the futures market as the Nikkei average dipped below 18,000 at one point, *writes Bethan Hutton.*

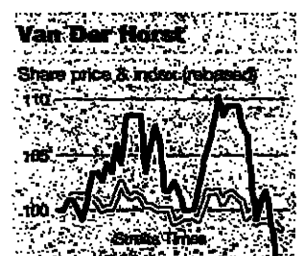
After a strong start, and a day's high of 18,435.02, the 225 index ended the day 232.18 lower at 18,041.33, slightly up from a low of 17,977.14.

Apart from technical factors related to next week's March futures expiry, brokers said that the lower house approval of the 1997/98 budget, without changes in unpopular measures such as the proposed rise in consumption tax, had also provoked futures selling.

The Topix index of all first-section stocks dropped 17.91 to 1,354.01, while the capital-weighted Nikkei 300 average slipped 4.00 to 258.48. Turnover rose marginally from 431m shares to an estimated 435m, and declines decisively outnumbered advances by 845 to 254, with 159 unchanged.

In London, the ISE/Nikkei 50 index rose 3.63 to 1,3399.90.

Domestic brokers said foreign selling of bank stocks also prompted the day's downward trend. Sakura Bank dropped Y27 to Y712, Bank of Tokyo-Mitsubishi Y40 to Y1,890, and Fuji Bank Y40 to Y1,340. Industrial Bank of Japan hit its lowest price since the start of 1996, falling Y60 to Y1,310.



Securities companies did well in the morning session, on news that the securities transaction tax could be scrapped as part of the ruling Liberal Democratic Party's plans for a "big bang" in financial services.

Most of their gains were reversed later in the day, but a few brokerage shares managed to close on a mildly positive note. Nikko Securities gained Y3 to Y729, and Sanyo Securities inched up Y1 to Y267, but Nomura Securities fell Y50 to Y1,580, Daiwa Y30 to Y945, and Yamaichi Y7 to Y415.

Even positive corporate news could not help Matsushita withstand the downward pressure: it fell Y10 to Y1,790, despite a report that it expects a 36 per cent increase in unconsolidated pre-tax profit this financial year.

In Osaka, the OSE index dropped 221.75 points to 19,018.63, in volume of 227.17m shares.

TAIPEI moved higher in the heaviest volume for more than three years, following what traders perceived as bullish remarks by the central bank governor.

Sheu Yuan-dong pledged not to intervene to curb any excesses, although he declared himself to be "a bit worried" about the recent strength of equities. The Taipei market has risen almost 17 per cent this year. At the close, the weighted index was up 61.54 at 8,081.00. Turnover was T$174bn.

SINGAPORE featured an 11.5 per cent plunge in Van Der Horst on a generally downbeat day which left the Straits Times Industrial index 12.60 lower at 2,179.93.

Analysts were unaware of any developments to account for the engineering company's fall and instead pointed to week-old news that one director had sold his entire stake. Van Der Horst slumped 65 cents to S$5.

BANGKOK continued to slip lower in modest volume. The SET index came off 7.07 or 1.3 per cent to 676.65, a near four-year low. Turnover was Bt5bn. Financial sector worries continued to swirl through the market, keeping investors on the sidelines.

HONG KONG edged higher, due largely to a more positive interest rate outlook and demand for HSBC Holdings. The Hang Seng index jumped to an early 13,568.86 on Wall Street's performance but subsequently pulled back to close 5.60 higher at 13,416.36 in hefty turnover of HK$12.3bn.

HSBC rose HK$2.50 to HK$190.50, but its Hang Seng Bank subsidiary gave up another 50 cents to HK$83. One analyst said, however, that the falls seen since Monday's announcement of 1996 results were beginning to look overdone.

SEOUL was enlivened by a 5.9 per cent surge in construction issues on news that the government planned tax breaks for infrastructure contractors.

Samick Construction gained Won240 to its upper limit of Won3,240 and Hanjin rose Won710 to Won9,610.

But Midopa Department Store went limit down on news that the Dongbang food group was considering a hostile takeover bid.

Analysts noted that predatory takeovers had been virtually unknown in South Korea, partly because they were regarded as unethical, although the government planned to ease legal restrictions on such bids next month.

Traders also pointed out that Midopa's share price had rocketed from a year's low of Won17,060 on January 9 to a high of Won45,100 on Wednesday. It fell Won3,600 to Won41,500 yesterday.

The composite stock index closed 3.21 higher at 678.11, off a high of 685.95.

BOMBAY dropped 1.65 per cent as speculators unwound positions on the last day of the weekly account. The BSE-30 index fell 64.95 to 3,876.04.

Caracas tumbles 2.1%

CARACAS was hit by selling during light morning trade. Dealers said sentiment had been knocked by the strike threat at CANTV plus worries about today's raft of economic data.

At midsession, the IBC index was off 139.82 or 2.1 per cent at 6,366.42. CANTV dipped 117.50 bolivars to 1,991.50 bolivars after workers at the telecoms giant voted for indefinite strike action next week unless a pay offer is improved.

MEXICO CITY moved ahead in moderate activity with the IPC index up 20.97 at 3,783.46 by midsession. Televisa, the media group, rose 1.70 pesos to 102.70 pesos after ING Barings initiated coverage with a buy recommendation. ICA, the construction group, came off sharply, sliding 4.20 pesos to 24.80 pesos following steeply lower earnings for 1966.

SANTIAGO shrugged off some dull news from the corporate sector to push the IPSA index up 1.07 to 115.17 at midsession. Traders said the main upside influence was Wall Street, which was tending to muffle weak paper industry results.

Gold bolsters Jo'burg

A steadier session in Johannesburg ended with the all-share index up 13.8 at 7,084.2, as buyers returned to the gold share market after two days of heavy selling.

Golds made a poor start, but bullion steadied during the afternoon and the market retraced most of its losses. The index ended off just 2.6 at 1,430.1. Dries recovered 60 cents to R46.70 and Freegold added 25 cents to R35.50. Industrials were mixed but ended with the index up 29.2 at 8,278.0. De Beers gained R1.25 to R156 and Barlow Rand put on R1 to R47. Anglo American came off R2.50 to R275.50.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 5 1997								TUESDAY MARCH 4 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	219.75	-0.4	202.38	168.60	195.51	186.41	0.2	4.07	220.63	202.28	169.90	196.08	186.12	224.61	188.44	201.17
Austria (24)	185.39	0.4	170.74	142.25	164.94	164.88	0.5	1.77	184.70	169.34	142.23	164.14	164.08	195.04	174.70	183.99
Belgium (26)	235.90	0.6	217.26	180.99	209.87	205.33	0.7	3.18	234.50	215.09	180.66	208.49	204.00	238.54	203.84	212.80
Brazil (28)	237.60	0.8	218.83	182.30	211.39	460.32	0.9	1.32	235.61	216.01	181.43	209.38	456.01	242.07	147.48	162.41
Canada (114)	199.34	0.8	183.59	152.95	177.35	197.48	0.7	1.87	197.71	181.26	152.25	175.70	196.03	203.24	153.61	156.16
Denmark (32)	363.77	0.0	335.02	279.10	323.64	322.83	0.0	1.36	363.89	333.63	280.22	323.39	322.71	376.09	291.30	302.18
Finland (28)	259.50	0.8	238.99	199.10	230.87	278.41	1.2	1.91	257.31	235.91	198.15	228.67	275.23	263.12	174.47	184.00
France (91)	221.27	0.3	203.78	169.77	196.86	200.38	0.5	2.61	220.54	202.20	169.83	195.99	199.45	222.08	183.67	189.46
Germany (59)	199.20	1.1	183.46	152.83	177.22	177.22	1.2	1.46	197.10	180.70	151.78	175.16	175.16	199.20	164.47	172.27
Hong Kong (59)	491.01	-0.5	452.21	376.73	436.84	487.98	-0.6	3.15	493.63	452.57	380.13	438.69	490.81	514.49	402.53	447.49
Indonesia (27)	243.88	-1.5	224.61	187.12	216.98	358.02	-1.5	1.48	247.71	227.10	190.75	220.14	363.64	-	-	-
Ireland (16)	333.26	-0.2	306.92	255.69	296.49	301.14	0.3	3.12	333.84	306.07	257.08	296.68	300.30	343.35	255.16	259.24
Italy (58)	84.82	-0.9	78.12	65.08	75.47	107.93	-0.9	1.98	85.61	78.49	65.92	76.08	108.87	96.32	70.61	78.05
Japan (480)	115.19	-0.8	106.09	88.38	102.49	88.38	-1.2	0.89	116.17	106.51	89.46	103.24	89.46	164.88	109.16	148.89
Malaysia (107)	646.20	0.3	595.13	495.80	574.91	615.41	0.2	1.04	644.39	590.80	496.23	572.87	614.24	680.85	512.47	548.31
Mexico (27)	1330.01	-0.5	1224.91	1020.46	1183.29	11684.23	0.2	0.94	1336.76	1225.58	1029.40	1187.97	11658.78	1445.68	1046.55	1102.83
Netherland (19)	347.98	0.3	320.49	266.99	309.59	305.74	0.5	2.49	346.86	318.01	267.11	308.25	304.34	354.05	274.35	280.43
New Zealand (14)	87.65	-0.6	80.73	67.25	77.98	68.27	-0.4	4.30	88.17	80.83	67.90	78.35	68.51	95.60	75.94	81.82
Norway (41)	299.56	0.5	275.89	229.84	266.51	282.28	0.2	2.13	298.23	273.43	229.66	265.03	281.81	321.23	296.31	240.09
Philippines (22)	202.12	-1.0	186.15	155.08	179.83	265.14	-1.0	0.65	204.19	187.21	157.24	181.46	267.87	-	-	-
Singapore (43)	421.11	0.0	387.83	323.10	374.65	277.08	0.1	1.00	421.27	386.23	324.40	374.38	276.89	449.15	371.26	446.36
South Africa (44)	359.39	-1.1	330.99	275.74	319.74	349.71	-0.9	2.39	363.19	332.98	279.68	322.77	352.82	390.34	301.49	387.78
Spain (35)	206.30	-0.4	190.00	158.29	183.55	226.40	-0.3	2.82	207.14	189.91	159.51	184.08	228.99	228.18	161.86	161.86
Sweden (49)	433.10	0.8	398.88	332.30	385.32	489.76	0.7	2.11	429.58	393.85	330.81	381.77	486.29	437.08	325.59	333.23
Switzerland (35)	249.07	0.9	229.39	191.10	221.59	228.63	0.7	1.31	246.92	226.38	190.14	219.43	227.08	254.34	229.36	231.88
Thailand (45)	75.77	-1.5	69.78	58.14	67.41	76.31	-1.4	4.28	76.91	70.51	59.23	68.35	77.43	187.79	75.46	180.50
United Kingdom (212)	281.00	-0.4	258.79	215.60	250.00	258.79	0.1	3.76	282.11	258.65	217.25	250.71	258.65	294.47	224.39	239.22
USA (654)	325.83	1.3	300.08	249.99	289.88	325.83	1.3	1.84	321.62	294.87	247.67	285.82	321.62	331.54	254.79	267.96
Americas (823)	298.21	1.3	274.65	228.81	265.32	251.00	1.3	1.83	294.49	270.00	226.78	261.71	247.85	303.45	233.08	244.31
Europe (725)	243.50	0.2	224.26	186.83	216.64	227.05	0.4	2.68	243.11	222.89	187.21	216.05	226.24	245.79	201.66	205.86
Nordic (150)	373.82	0.7	344.28	286.82	332.58	365.34	0.6	1.97	371.40	340.51	286.00	330.06	363.11	379.82	282.82	289.44
Pacific Basin (873)	136.53	-0.7	125.74	104.75	121.47	103.95	-0.9	1.39	137.50	126.07	105.89	122.20	104.95	177.01	131.50	163.16
Euro-Pacific (1598)	181.09	-0.2	166.78	138.95	161.12	150.43	-0.2	2.11	181.50	166.40	139.78	161.29	150.75	191.51	176.40	180.85
North America (768)	318.16	1.3	293.02	244.11	283.06	317.36	1.3	1.84	314.12	287.99	241.89	279.15	313.34	323.88	248.86	261.06
Europe Ex. UK (513)	218.03	0.5	200.80	167.29	193.98	205.05	0.5	2.06	216.99	198.94	167.09	192.83	203.97	219.72	183.36	188.28
Pacific Ex. Japan (393)	314.01	-0.3	289.19	240.92	279.37	271.50	-0.2	2.72	315.09	288.89	242.64	280.02	272.10	320.65	268.97	283.43
World Ex. US (1811)	184.89	-0.2	170.28	141.86	164.50	156.61	-0.2	2.09	185.23	169.82	142.64	164.61	156.87	193.47	177.71	182.23
World Ex. UK (2253)	224.96	0.6	207.19	172.60	200.15	199.85	0.6	1.78	223.57	204.98	172.17	198.69	198.70	228.59	199.58	206.39
World Ex. Japan (1985)	288.23	0.8	265.45	221.15	256.43	278.85	0.8	2.17	286.02	262.23	220.26	254.19	276.51	291.77	233.10	241.82
The World Index (2465)	229.76	0.5	211.60	176.29	204.41	205.23	0.5	1.97	228.57	209.56	176.02	203.13	204.15	233.38	202.32	209.78

Latest prices were unavailable for this edition.

NYSE PRICES

4 pm close March 6

Continued from previous page

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
20⅝	12	ScudAsia x	0.06	0.4	62	4110	17⅛	16⅝	17	
28½	17	Scotsman	0.10	0.3	15	31	28⅝	28½	28⅝	+⅛
16⅛	12½	ScudderNWF	0.02	0.1		50	13⅝	13½	13½	-⅛
15⅞	11	ScudderNEsF	0.06	0.4		320	15⅛	15	15⅛	
20¾	14¾	SeaCoA	0.77	4.5	26	124	17⅜	17⅛	17⅛	-¼
16⅞	15	SeaC1.4625 x	1.46	9.6		z0	15⅝	15⅝	15⅝	
56¼	19	S'gate				3878788	46	45⅝	45⅞	-1⅝
42¾	30⅞	Seagram x	0.66	1.7		3743	40¼	39⅝	39¾	+½
26	17⅛	Seagull En			31	4802	18⅝	18⅜	18½	-⅛
44⅛	26	Sealed Air			25	447	41¼	40⅜	41	+⅝
55⅞	38¼	SearsR x	0.92	1.7	17	11466	55⅜	54¾	54¾	-⅞
25	17	SeCapGSM	1.30	5.4	18	400	23⅞	23¾	23⅞	
13	11⅞	Seligm Sel.	0.84	6.7		50	12¾	12⅝	12⅝	
23¾	13⅝	Sensormat	0.22	1.2		1684	17⅜	17⅛	17⅛	-½
48½	20½	SequaA	0.60	1.4	44	207	42⅜	42	42	
53⅝	39	SequaB	0.50	1.1	50	z0	47½	47½	47½	
31¾	19½	SvcCp	0.30	1.0	27	10226	30⅝	29¾	30⅝	+⅞
26⅞	19½	SvMstr	0.66	2.6	15	582	26⅜	25⅞	26¼	+¼
6½	3½	Servimech				9	6889	4⅛	3⅞	3⅞
80⅞	28½	SGSThm				15	1874	69⅞	68¼	69¼ +1½
15⅞	10⅝	Shaw Ind	0.30	2.4	69	1320	12½	12¼	12½	
17	10⅛	Shelby Wil	0.32	2.0	16	86	15⅞	15½	15⅝	-⅛
107½	76⅞	ShellTr	4.84	4.5	22	529	104⅛	103½	103¾	-¼
58¼	39	SherWill x	0.60	1.4	27	882	57	55¾	56	-¾
13⅞	6⅞	Shoneys			13	2407	8⅛	8	8⅛	+⅛
35½	17	Showboat	0.10	0.5	55	127	20⅝	20½	20⅝	

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
29	18½	Zero Ind	0.40	1.6	15	356	24¾	24½	24¾	-⅛
11⅜	10½	ZweigFd	1.12	10.0		369	11¼	11⅛	11¼	+⅛
9	8	Zweig Tot	0.84	9.9		548	8½	8⅜	8½	

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

u-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
Dealings suspended.

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AMEX PRICES

4 pm close March 6

NASDAQ NATIONAL MARKET

4 pm close March 6

- J -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
J&J Snack		22	71	13⅛	13	13	-⅛
Jason Inc		15	z0	6¾	6¾	6¾	
Johnson W			31	12¾	12⅜	12¾	+⅜
Jones Int			102	10¼	10	10⅛	
Jones Med	0.08	47	10524	31⅛	29⅝	30⅝	+½
JSB Fin	1.40	15	35	40¼	39	39⅞	+¼
Juno Ltg	0.32	15	735	16¼	15½	16¼	+¾
Justin	0.16	12	294	11⅝	11⅛	11⅛	-¼

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	100	45	11	10½	11	+½
Kaman Cp	0.44	12	1100	13⅝	13⅜	13½	
Kelly Sv x	0.84	14	571	28¾	28	28	-½
Kimball	1.04	15	86	39¾	39	39	-¾
KLA Instr		18	6061	41	39¼	39½	-1⅝
Koll A			378	$\frac{3}{16}$	$\frac{5}{32}$	$\frac{3}{16}$	+$\frac{1}{32}$
Komag		15	2889	32¼	31⅜	31⅞	-⅛
Kulicke S			1783	26⅜	25¼	25¼	-⅞

- L -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Laboне	0.72	61	40	18¼	18	18	-¾
Ladd Furn			169	15⅝	15⅛	15⅝	+¼
Lam Rsch		12	15488	40¼	37⅜	37¾	-2
Lancaster x	0.72	16	76	45¾	45½	45⅝	-⅛
Lance	0.96	22	158	18¾	18½	18¾	
Lanoptics			155	8⅜	7⅞	8	

- P - Q - (continued)

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Picturetel		16	7511	16⅝	15⅝	15⅝	-⅝
PioneerGp x	0.40	33	176	25	24½	25	
PioneerSt	0.12	13	337	13$\frac{9}{16}$	13¼	13$\frac{9}{16}$	+.05
Pixar		34	2256	19	17¾	18⅞	+½
PittwayA		36	1003	17	16¾	17	
PLDTel		6	z0	5⅝	5⅝	5⅝	
Pricebk	0.68	9	702	23½	20½	21¼	-2
Powell		13	24	14⅛	13⅞	13⅞	-¼
PresCas			836	$\frac{13}{32}$	$\frac{23}{32}$	$\frac{23}{32}$	
Pres Life	0.20	13	922	15⅛	14⅞	14⅞	
Presstek		117	1570	54	50¼	50⅝	-⅝
PridePt		30	18754	21⅛	19⅞	20½	+1½
Printroni		18	755	16¾	15¾	15¾	-¾
Prod Ops	0.28	28	5293	51¾	50⅞	51⅝	+$\frac{13}{16}$
Qualcomm		21	240939	62½	58	59⅝	-3¼
Qual Food		23	z0	39⅞	39⅞	39⅞	
Quantum		22	25297	42¼	39⅜	39¾	-1¾
Quicksilv		15	254	25⅝	25	25⅝	+⅜
Quintiles		485	2239	63¾	62$\frac{1}{16}$	63⅛	+1

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow		14	225	18⅝	18	18½	+¼
Rallys			863	2¾	2⅝	2⅝	-⅛
Raymond	0.25	13	3006	28⅜	27⅝	27⅝	-⅜
RCSB Fin	0.80	12	1188	32½	31⅞	32⅜	+½
Read-Rite			78283	31⅜	30⅜	30$\frac{9}{16}$	-$\frac{7}{16}$
Recoton		15	412	17	16¼	16½	
RegFinCp			1675	59½	58⅜	59½	+¾
Repligen			135	1$\frac{7}{32}$	1$\frac{7}{32}$	1$\frac{7}{32}$	-$\frac{1}{32}$
Repab Ind			27011	36½	35½	36	+1
ResrchMed		23	510	23½	23¼	23⅜	-⅛

- V - (continued)

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
VLSI Tech		39	5059	19	18½	18⅝	-¼
Volvo B	0.50		4215	25	24¾	24¾	-¼

- W -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Wang Lab			2452	21⅜	21	21	
Warmtech		28	727	9¼	9	9¼	+⅛
WashMut	1.00	15	70401	55⅞	52½	53	-¼
WatsindA x	0.31		476	26⅛	25⅞	26	-⅛
Wausau PM	0.25	16	1623	19⅞	19⅝	19⅞	
WD-40	2.48	19	336	50¼	49½	50¼	
Werner En	0.10	16	289	18$\frac{1}{16}$	17¾	17¾	-¼
Westn Bnc	1.04	17	574	67¼	66$\frac{11}{16}$	67	+¼
WstpStA		19	3799	u36⅜	35⅞	35⅞	+$\frac{7}{16}$
Wet SealA		20	1725	23¼	20½	21	-1⅜
Willamte x	1.28	18	z0	63½	63½	63½	
WmsSonoma		149	2591	27¼	26¼	26⅞	-⅛
Wolohan L x	0.28	16	5	14¼	14¼	14¼	-⅞
Wrldcm		23	11069	25	23¾	24	-⅞
Worthinds x	0.48	21	2977	20½	20	20	-½
WPP ADR	0.10	23	21	41¾	41½	41¾	-¼
Wyman-Gdn	0.40	23	1373	18⅞	18¼	18⅜	-⅛

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		27	13365	47½	45¾	46¾	-⅝
Xircom		32	4956	20¾	18⅝	18⅜	-2⅛
Xoma Corp			4370	6$\frac{5}{16}$	6$\frac{5}{16}$	6$\frac{5}{16}$	-⅛
Yellow			2283	17⅛	16½	16$\frac{13}{16}$	-$\frac{5}{16}$
York Rsch		18	61	9¼	9	9$\frac{3}{16}$	+$\frac{1}{16}$
ZionUtah	1.76	17	1012	126¼	122	122⅝	-⅞

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ActivCard	US$8.125		0	8.25	8	Innogenetics	US$12.375	+0.125	69590	12.5	10.5
Artwork Systems	US$10.875	-0.125	5575	11.375	10.25	Mercer Interntnl.	US$9.125		0	11.375	8.125
Dr Solomon's ADS	US$24.75		0	26	22.75	PliTech	US$5.375		30800	8.25	4.75
Esprit Telecom ADS	US$12.25		900	12.5	12						

Prices for 6/3/97.

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Cross-border recruitment is rare in most senior appointments, says **Richard Donkin**

Hunt for the elusive Euro-manager

The most surprising aspect of the request last week by Sir Richard Evans, chief executive of British Aerospace, that the company's partners in Airbus Industrie use a headhunter for its senior executive appointments, was that the plea should have been necessary in the first place.

Among the boards of large UK businesses the use of headhunters has become routine, so it is easy to forget that such practices are less well developed in the rest of the Europe.

Evans was anxious to head off the idea that future leaders of Airbus, which is due to be turned into a limited company, would be selected by established custom and practice. The managing director has, by tradition, been French while the chairman of the supervisory board has been German.

There seems no reason why such conventions should prevail in the new company. Although Airbus Industrie is headquartered in Toulouse, its official language is English. Evans' insistence that the "right man" should be chosen for the job broadens the hunt for potential executives to any part of the globe.

Such sentiments are laudable and would seem to make good business sense, reinforced by much of the current theory supporting the need for truly international managers. But the reality is that cross-border recruitment is rare for the most senior posts, particularly in countries that do not share the same language.

"Large multi-national companies do appoint people of varying nationalities to their various international subsidiaries," says Miles Broadbent, one of the UK's most experienced headhunters and who runs the Miles Partnership. "This can be very effective – not least in developing international experience for high flyers.

"But, with few exceptions, British companies are managed by British managers, American companies by American managers, etc. There is more talk about the modern Euro-manager than actual examples." Most appointments, he says, still tend to reflect the cultural differences across Europe.

But European executive recruitment methods are beginning to be influenced by the increasing emphasis on corporate governance in UK companies following the Cadbury and Greenbury reports. The formation of nomination committees – particularly in companies with a UK presence – has strengthened the position of headhunters who can consolidate their consultancy role.

Even though Airbus has avoided running itself as a typical French company, its country base means that it would need an exceptional foreign candidate. Such a candidate would need to know his or her way around the French political and business system.

The difficulties of overcoming national cultural barriers in management are stressed in a new book* by Susan Schneider, professor of human resource management at HEC University of Geneva, and Jean-Louis Barsoux, a research fellow at Insead. But the authors point out that companies can take advantage of cultural norms in entering foreign markets.

In Japan, for example, women are a neglected pool of potential managerial talent: while they are well-represented among university graduates, they are not offered the same employment opportunities in business as men. This has led some recruitment experts to advise foreign companies entering the Japanese market to concentrate on hiring Japanese women. Not only are they in a plentiful supply, they also tend to be more motivated than their male colleagues.

The book also quotes the experience of Citibank in Taiwan which, when frustrated in its attempts to recruit local men as private bankers, began to take on more local women. The women were particularly successful, not because they possessed exceptional banking skills, but because, unknown to Citibank, they had good family connections to high-income clients.

Textbook leaders

Courses and books on leadership are thick on the ground and often thick in content. But a new book** by Professor John Adair of Exeter University manages to convey the fundamentals of good leadership in just 40 pages.

It is unlikely to end the debate over whether good leaders are born or made – although Adair believes that people can develop their leadership potential. But it will help people who may think they have what it takes to lead to identify their strengths and weaknesses.

He outlines seven "generic leadership traits" – enthusiasm, integrity, toughness, fairness, warmth, humility and confidence. He includes integrity to distinguish between effective leaders and what he calls leaders for good. For example, says Adair, while it may be debatable whether Adolf Hitler was a good leader, it cannot be said he was a leader for good.

Adair also stresses the importance of knowledge linked to authority in any situation that allows a leader to emerge. Authority, he says, can take four forms: rank, knowledge, personality and moral authority. Winston Churchill, he argues, was equipped to lead Britain during the second world war, partly because of his "relevant knowledge" – his previous experience as a war minister and his background as a professionally trained army officer. This may also explain why he found himself ill-equipped to lead the country afterwards.

The need for different approaches to fit particular circumstances is also illustrated in a section on team leadership that avoids becoming too prescriptive. It sets out six approaches to team planning, ranging from the leader devising the plan alone to one where the leader defines limits and asks the team to make a plan. Adair recognises that "there is no one right style" – it could depend on the time available to plan and the planning abilities of the team members.

There are many similarities between Adair's observations and those of Amin Rajan in a recent report*** on leadership published by the Create consultancy. The report is based on a combination of a survey among City financial institutions, in-depth interviews with 49 business leaders and 50 human resource specialists and two case studies.

Rajan found that many of the leaders he interviewed relied heavily on what he called "emotional intelligence" – self-awareness, self-motivation, persistence, zeal and the ability to rein in their own emotions and read emotions in others.

These have often been reinforced by various helpful workplace experiences such as lateral moves, difficult assignments and having a mentor figure. He also found many had experienced early crises in their lives or had enjoyed early triumphs. Others benefited from having role models. Another important ingredient was opportunity – being in the right place at the right time.

**Managing Across Cultures, Susan C. Schneider and Jean-Louis Barsoux, Prentice Hall, £20.95.*

***Leadership Skills, John Adair, Institute of Personnel and Development, IPD House, Camp Road, Wimbledon, London SW19 4UX, £5.95*

****Leading People, Amin Rajan with Penny van Eupen, Create, 2 Holly Hill, Tunbridge Wells, Kent TN4 0XD, £45*

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With assets in excess of £42 bn and a unique international network spanning more than 40 countries, Standard Chartered is a major force in international banking. The bank has a clear geographic and business focus, with strong franchises in Asia, the Middle East and Africa. Continued excellent results reflect Standard Chartered's strength: trading profits have doubled in the last three years whilst costs have been held flat.

The bank's clear strategic and geographic focus demands the highest quality of service in project and structured export finance – a key area for further growth and development following a recent restructuring. As a result, a high calibre, experienced individual is required to further strengthen the UK/Europe team.

Reporting to and deputising for the Head of Project and Structured Finance for UK/Europe, the appointed candidate will co-manage an experienced team in the marketing, structuring, negotiation and execution of ECGD and other European ECA transactions. The development of strong working relationships – both with Global Corporate Account Managers internally and also with key personnel in the ECAs – will be essential. There will be frequent travel, primarily to Asia and continental Europe.

Candidates must be of graduate calibre with several years' relevant experience' at a senior level within a leading provider of ECA related financing. This experience must encompass not only the structuring and negotiation of medium and long term transactions, but also a strong track record in business development and relationship management. A detailed understanding of the mechanics of the various ECAs in Europe will be essential. Excellent analytical and communication skills, high levels of energy and self-motivation, and the "gravitas" to establish meaningful relationships at a senior level will all be key to success.

In addition to a highly competitive base salary, the excellent package comprises the full range of banking benefits, including a performance related bonus.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 677J on both letter and envelope, and including details of current remuneration.

GKRS

SEARCH & SELECTION
86 JERMYN STREET, LONDON SW1Y 6JD. TEL: 0171 468 3800
A GKR Group Company

LIFFE

European Marketing Manager

Interest Rate Derivative Products

Excellent Package — **City**

Outstanding opportunity for an outstanding individual to drive the European marketing strategy.

THE COMPANY
- LIFFE is Europe's leading futures and options exchange, with annual growth of 48% since launch in 1982.
- Provides widest range of products of which Interest Rate account for more than 80%.
- It has the objective of consolidating its position as the Exchange for Euro, after EMU.

THE POSITION
- Responsible for marketing strategy, promotion and information research across Europe.
- Manage a highly successful and diversified European team. Provide creative solutions for new and existing contracts and identify product requirements for end users.

QUALIFICATIONS
- Minimum 5 years' derivatives experience, with strong marketing track record.
- Ability to think strategically. Proven management skills. Excellent communication skills at all levels.
- European languages advantageous.

Please send full cv, stating salary, ref FS70204, to NBS, 10 Arthur Street, London EC4R 9AY

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Investment Operations Training

J. P. Morgan Investment Management Inc. (JPMIM) in London is the international investment arm of J. P. Morgan & Co. Incorporated. With $208 billion under management worldwide, it is one of the premier investment management houses in the world. These assets are managed in a wide range of funds, domiciled throughout Europe, which invests in various financial instruments including US and international equities, bonds, money market and derivative instruments.

JPMIM now wishes to appoint an individual, at Associate level, to be responsible for identifying training requirements, planning training schedules, coordinating appropriate courses and developing training programmes using internal and external resources. In addition, the individual will be required to give presentations, teach at in-house training programmes and be responsible for the training budget.

It is planned that the responsibilities of the role will be expanded, with involvement in cross departmental initiatives and change management covering UK and European personnel.

The successful candidate will have a degree and up to three years' experience of training in a financial environment. He/she must be capable of generating future training ideas, as well as managing current responsibilities. It is essential that the person has excellent communication and presentation skills and the ability to work within a fast paced and dynamic environment.

The position offers a generous salary and benefits package with excellent career prospects in one of the world's leading international investment management groups. J. P. Morgan Investment Management Inc. is an equal opportunity employer.

Please write, enclosing a copy of your cv, to Martin Symon, Associate Director, Jonathan Wren Search & Selection Limited, 34 London Wall, London EC2M 5RU. All details should be forwarded by 19th March and will be treated in strict confidence.

JPMorgan

Market Makers/Traders

Excellent Packages

Outstanding opportunity for highly motivated, talented professionals to join our Emerging Markets funds team.

The Company

West Merchant Bank is a highly successful subsidiary of the Westdeutsche Landesbank ("WestLB") Group, third largest banking group in Germany and ranked 17th largest in the world. In early 1996 we acquired Panmure Gordon as a part of our strategy of building a strong position in the global equity market.

The Team

A cohesive, self-contained and lively group of fund specialists focused on delivering real added value to their clients.

The Market Makers/Traders

- Will be key members of the team and benefit from career development opportunities in the growing business.
- Proven track record, strong reputation, preferably with some emerging market exposure (but not essential) and with some computer literacy
- Only enthusiastic team players should apply.

Please send full CV in strictest confidence, stating salary and quoting ref: 97PG10 to Diane Tissera, Personnel Manager, West Merchant Bank, 33-36 Gracechurch Street, London EC3V OAX.

WestMerchant
A member of the WestLB Group

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Courtney Anderson on +44 0171 873 4153

FT
FINANCIAL TIMES GROUP

BUSINESS ANALYST — C£22k

An exciting opportunity has arisen to join Europe's best read newspaper as a Business Analyst.

You would be one of a small team reporting directly to the Business Development Director with duties including:

- Assisting the senior management team with the ongoing development, communication and implementation of the FT's ambitious growth strategy
- Working closely with the other directors, especially the CEO and the directors of our international and UK businesses on a variety of projects primarily in the areas of decision, support, process redesign and project planning.

Given the extensive exposure to senior directors and your involvement in a broad range of business issues, we would expect that within 12-18 months you will have the opportunity to progress to an operational job in the UK or overseas.

In order to excel in this demanding role, you will need excellent analytical skills and the ability to communicate clearly with managers at all levels of the organisation. Your career to date probably includes either an MBA or some experience in business consulting.

If you would like to be considered for this position, please forward your CV and details of your current salary to:

Tracey Songer, Business Development Department, Financial Times, Number One Southwark Bridge, London SE1 9HL by Friday, March 21.

The Financial Times is an equal opportunities employer

Ernst & Young
Hong Kong and China Offices

invite applicants for Audit Senior and Audit Manager positions

Are you looking for:
- *complex intellectual challenges, working with experienced auditing professionals for international and blue chip clients?*
- *a job where you can use your strong interpersonal and organisational skills?*
- *a role where you can learn new skills and develop your current skills further?*

Ernst & Young is a $7.8 billion organisation, with 72,000 people in more than 130 countries, and is one of the world's major professional services firms.

Due to the expansion of the Ernst & Young Hong Kong and China offices, we are looking for qualified accountants with a minimum of 3 years' auditing experience. Knowledge of one of our industry focuses – Banking, Insurance, Capital Markets, Media & Entertainment, Hi-Tech & Telecommunications – would be helpful, but is not essential.

What are we offering:
- *challenges as a result of growth which is unprecedented elsewhere in the world.*
- *diversified responsibilities including China job exposure, listing assignments, corporate finance experience – due diligence reviews, flotations, and cross-border listings, etc.*
- *progressive and rewarding career opportunities.*

We are looking for candidates with excellent communication skills in English and knowledge of working Chinese. Interested candidates please apply with comprehensive CV and university/college transcripts to: Mr Bon Ho, Staff Partner, Ernst & Young, 10/F., Tower II, The Gateway, 25-27 Canton Road, Kowloon, Hong Kong.

Closing date 25 March 1997.

ERNST & YOUNG

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£ Substantial packages — **ZURICH, FRANKFURT, DUSSELDORF, STOCKHOLM, WARSAW AND MOSCOW**

Price Waterhouse is one of the world's leading providers of professional services. The firm is committed to the success of its clients' international business through the provision of first-class, comprehensive international assignment services for some of the world's major companies and their executives. Its reputation comes from understanding the needs of multi national clients and tailoring advice to meet their objectives. The International Assignment Services (IAS) group provides tax consulting services relating to the efficient management of the relocation cost equation. Due to phenomenal international growth of the IAS practice, the firm is seeking to recruit a number of Senior Tax Managers and Consultants with expatriate tax expertise to work in a variety of locations.

The Role
- Manage substantial client assignments with a particular focus on international assignment policy. Analyse and quantify total costs of expatriate programmes.
- Benchmark clients' expatriate policies and formulate policy recommendations in line with specific requirements and cost saving objectives.
- Review international tax and social security planning opportunities to ensure clients' remuneration packages are the most tax efficient possible.
- Provide on-going support to individual assignees on matters such as pre-assignment planning, assignee registrations and tax compliance services.
- Contribute to the further development of the practice through the active development of new international clients.

The Requirement
- Graduate-calibre, ideally entrepreneurial Lawyers or Accountants with at least four years' specialist experience in international expatriate tax.
- First-class interpersonal skills, capable of commanding the respect of the most senior staff members within client organisations.
- Energetic and enquiring mind combined with close attention to detail, ready to work to tight deadlines and committed to high professional standards.
- A proven business developer, capable of creating new business opportunities as well as further developing existing client relationships.
- International in orientation and highly mobile, fluent in English and another language.

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 5576/C. Alternatively send by fax on 0171-312 3380 or e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

Key Finance Appointments

Global Electronic Design

Dublin

Our client, a major US multi-national, provides comprehensive services and technology for the product development requirements of the world's leading electronic companies. With a turnover fast approaching $1 billion and over 3,500 employees, it is quoted on the NYSE and heavily organic growth oriented.

As part of progressive expansion plans in Europe, the company is in the process of building a major new hardware design service centre in Dublin to increase its ability to provide leading edge services to demanding international customers. Central to the development of this new facility is the appointment of two first class finance professionals, the more senior of whom will have an international finance role.

Head of Finance
to £50,000 + Car

The Head of Finance will be fully accountable for all financial, banking, treasury, tax and legal matters concerned with this new profit centre and the broader business. Cash and investment management, foreign currency hedging and effective international tax accountancy will be primary areas of focus in this commercially accountable appointment. The appointee will report directly to the General Manager, and will be supported by a small professional team.

Suitable candidates will be high calibre professional accountants (7+ years' experience) who can demonstrate a track record of success in international financial management. Experience of US GAAP and high technology companies is highly desirable. Ref: 670J

Financial Controller
to £30,000

Assuming full operational accounting control, the appointee will provide strong financial advice, guidance and support to the Board. Responsibilities include management and statutory reporting, project accounting, payroll and audit management.

This post will suit a young (2+ years' experience), ambitious and possibly newly qualified accountant who demonstrates clear potential for international career progression. A broadly based, large company training, including some experience of US GAAP, is preferred. Ref: 671J

Both appointments represent excellent entry points into this rapidly growing organisation. The salary and benefits packages are commensurate with those expected from a world leader.

GKRS

Please send a full CV in confidence to GKRS at the address below, quoting the relevant reference number on both letter and envelope, and including details of current remuneration.

SEARCH & SELECTION
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Coopers & Lybrand

Business Risk Management and Control
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London

Effective business control ensures competitive advantage for our clients and for you

At Coopers & Lybrand, our In-Control Services unit provides leading edge business risk and control solutions to major listed and public sector organisations seeking to understand their business risks and provide assurance to management that their controls bring true business value.

We are seeking motivated, clear thinking people with an enquiring mind and the credibility to work with our clients in this demanding and fast moving project-orientated environment. Working within a team of specialists you will deliver workable solutions to financial, operational and compliance risk and control issues.

You should be a graduate with at least 5 years' experience as an accountant, business advisor, project manager or line manager for a blue chip or leading service organisation. You should have excellent communication, presentation and interpersonal skills and demonstrable experience of business analysis and problem-solving.

Our assignments involve working with our clients to identify and assess key risks and risk management processes providing assurance to business leaders responsible for managing change through risk-focused actions.

In return for your efforts, we offer you the chance to gain superb experience dealing with board level issues and a wide variety of clients.

For further information send your CV including details of your current salary to Vicki Wells, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN. Email vicki_wells@gb.coopers.com

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FINANCIAL CONTROLLER – UK

The Worlds No.1 Sports Company

North East — **Excellent Package**

Nike has attained its premier position as a truly global Sports Company through quality products, innovative and aggressive marketing along with a business culture which positively embraces change and where the commitment to customer satisfaction is absolute. Nike UK is experiencing dramatic and sustained growth and is extremely well positioned to take full advantage of market opportunities to achieve its ambitious future strategies. As a result of an internal promotion, they seek to appoint a high calibre Financial Controller.

THE POSITION
- Report to the UK General Manager and assume full responsibility for all aspects of financial management involving close liaison with the European HQ.
- Contribute to the strategic and operational development of the business and play a significant role in driving profitable growth.
- Develop business planning and forecasting systems to facilitate effective evaluation of opportunities to maximise performance and achieve business goals.
- Build, sustain and motivate a truly world class finance team.

QUALIFICATIONS
- Qualified Accountant with a strong track record of achievement gained within a dynamic, fast-moving business environment.
- Strong commercial acumen and analytical abilities coupled with excellent interpersonal skills and able to influence and communicate throughout the organisation.
- Innovative, lateral thinker with a pro-active style and high levels of energy and enthusiasm necessary to succeed in a rapidly growing business.
- Internationally mobile in order to take full advantage of career development opportunities on a global basis.

Interested candidates should write, enclosing full career and current salary details, to the advising consultant, Stephen Banks, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE. Please quote reference 2177. E-mail: Stephen@questorint.com

QI
QUESTOR INTERNATIONAL

Nike is committed to equal opportunities

A Michael Page Group PLC Company

Chief Accountant

City — **c.£55,000 + car + excellent benefits**

Dow Jones operates in over 40 countries across Europe, the Middle East and Africa, and has an excellent opportunity for a professional Chief Accountant who will report to the Finance Director. This newly created role incorporates a broad range of planning, control and managerial responsibilities, and is critical to the success of the ambitious plans the company has over the next two years.

Key responsibilities include:
- supporting the departmental managers in forecasting and budgetary control;
- overseeing the US reporting and compliance with US GAAP;
- improving Finance systems in conjunction with in-house systems specialists;
- managing a Finance team of 20 employees;
- ad hoc projects.

Ideally, you will be a high-calibre qualified accountant, preferably chartered with at least 3 years' post-qualified experience. You will also have excellent technical ability, possess outstanding managerial skills and have a hands-on approach to problem-solving. Assertive, creative and proactive by nature, you will have proven your ability to work under pressure in a demanding and dynamic environment, and to quickly establish both personal and professional credibility. In addition, you must be a team player, have excellent communication and interpersonal skills, and be able to liaise effectively with people at all levels including senior management.

To discuss this excellent opportunity further, interested applicants should send a full curriculum vitae stating current remuneration to **David Magowan at Robert Walters Associates**, 10 Bedford Street, London WC2E 9HE. Telephone: 0171-379 3333. Fax: 0171-915 8714. E-Mail: david.magowan@robertwalters.com

Any applications sent direct to Dow Jones will be forwarded to Robert Walters Associates.

All applications will be treated in strictest confidence.

DOWJONES

APPOINTMENTS ADVERTISING

Appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.
For information on advertising in this section please call:
Toby Finden-Crofts 0171 873 3456

US NASDAQ
Investment Analyst/Manager
Oxford

A well established Oxford based international company has substantial holdings in US private equity funds and a portfolio of US, high growth, post IPO publicly traded stocks.

An experienced Investment Analyst/Manager is now required to augment an existing highly professional team to establish and manage a sizeable portfolio of a newly formed fund.

The successful candidate is likely to be around 30, have rigorous analytical and effective communicative skills with a sound track record of US NASDAQ small cap stocks.

To apply, please write by March 14th with full CV to:
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One Southwark Bridge,
London SE1 9HL

CREDIT MANAGER DUBLIN

Bear Stearns, the US Investment Bank, is currently seeking to recruit a self-motivated and enthusiastic individual to establish and coordinate the Credit Department at the newly created banking subsidiary, Bear Stearns Bank Plc., in Dublin.

Applicants must have at least five years experience in Credit and a strong knowledge of OTC derivatives transactions. They should possess a strong ability to coordinate with many areas, as they will be responsible for the credit approval process for derivatives transactions booked in the bank's name. An assertive personality and the capacity to work with a team are essential to deal with the strategic and policy issues affecting the bank. Preference will be given to Irish nationals.

If you are interested in applying for this position, please send/fax your curriculum vitae and a letter of introduction to:
Lisa Mendoza-Silgado,
Bear Stearns International Limited,
1 Canada Square,
London E14 5AD
Fax Number: 44-171-516-6027

BEAR STEARNS

GROUP MANAGING DIRECTOR

We are a company listed on the Stock Exchange with subsidiaries throughout Europe engaged in the development of industrial projects and real estate.

We are seeking a Group Managing Director who will be responsible for the expansion of the group's activities in collaboration with the Directors of the subsidiary companies.

The successful applicant will be responsible for:
- Setting and meeting financial targets
- Implementation of the group business plan
- quality control

If you have proven:
- business management experience and commercial ability
- ability to work in a team and under pressure
- good interpersonal skills
- ability to report and to present findings and recommendation in a clear and concise manner
- good command of English and German or French

then apply to us.

Remuneration package includes base salary of £70,000 per annum.

Write in confidence including curriculum vitae to:
c/o Keith Hawkins, Dutton Gregory & Williams, Solicitors,
95 Leigh Road, Eastleigh, Hampshire SO50 9DR

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Use your ability to consult with clients and close the right deals to contribute to our growth and participate in our equity.

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As a seasoned professional, you will understand the dynamics of the financial industry and know your market. You will be credible with natural gravitas; a perceptive listener with communication skills; and a focused achiever with tenacity. If you are motivated by the idea of servicing and building client relationships, and managing and completing assignments successfully, then we would like to talk to you.

To discuss the role, scope and rewards in any of our offices, please first contact Debbie Mills in total confidence, at Stephens International, 20 Cousin Lane, London EC4R 3TE. Tel: 0171 236 7307, Fax: 0171 489 1130, E-mail: dmills@stephens.co.uk

STEPHENS
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International Insider

International Insider Publishing Co., a leading independent supplier of news and commentary on the international capital markets, is seeking staff for its existing BondWatch analytical service and for a new commentative service, to be transmitted on Reuter. The positions would suit an experienced financial journalist or someone with sales/trading experience in the international bond market.

Contact, with CV:

Christopher Wilkins, Editor, International Insider, Ludgate House, 107 Fleet Street, London EC4A 2AB

SOLICITORS' INVESTMENT MANAGER
(South West England)

A highly experienced, multi-disciplined individual is required to service and expand this firm's established investment clientele. Qualifications must include the Law Society's B(ii) module. Applicants with their own Client banks would particularly suit.

Apply in writing to:
Dibbens,
3 West Borough, Wimborne, Dorset
(Ref. SM)

ACCOUNTANCY APPOINTMENTS

FINANCE DIRECTOR
INTERNATIONAL MANUFACTURING

THAMES VALLEY **c.£60,000 + BENEFITS**

- Rapidly growing £25 million turnover subsidiary of leading international manufacturing group. Two existing factories employing the latest production technology with three further in prospect, including overseas.
- Finance Director heads a team of three and is one of five senior executives reporting to the Managing Director.
- As well as ensuring that all reporting, accounting and administration tasks are completed to a high standard, he/she will act as a true 'right-hand person', providing support for business decision-making and enhancing systems and procedures to underpin the development of the operations.
- Commercially-minded qualified accountant, probably a graduate, with in-depth experience of costing in a high volume manufacturing group. International experience would be particularly advantageous.
- Essential personal qualities will include a high level of intellect, excellent communication skills, a genuine preference for team playing and the ability to bring an outward facing approach to the finance function.
- This is a highly focused operational position in a dynamic environment offering excellent scope for career progression.

Please apply in writing quoting reference 1348 with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A Whitehead Mann Group PLC company

GROUP FINANCIAL DIRECTOR

Southern Europe **c$100,000**

With over 100 ships under management, this group is highly successful and is currently expanding rapidly. The prestigious headquarters are based in Southern Europe and the group has offices throughout the world. A dynamic and highly able Finance Director is sought to lead the function and provide information and advice on financial strategy to the board.

The role calls for a strong, well organised, pro-active communicator, resourceful and with experience in the provision of project finance and treasury management. As a practiced negotiator you will easily be able to maintain and develop the first class banking relationships currently in existence. In addition, you will quickly engender and develop strong rapport with divisional management ensuring coordinated, timely and organised financial reporting to group headquarters.

The successful candidate is likely to be in their 30s/early 40s, a graduate CA with proven experience at board level and within an international environment. Knowledge of shipping and a second European language would be useful but are not essential. This individual will have strong leadership skills, a proven track record in managing and developing successful teams and will be prepared to travel. Computer literacy is fundamental.

The package and basic salary reflect the seniority of the position. Candidates should write as below enclosing full CV, details of current remuneration and responsibilities and an explanation as to why they would be suited to this post to: Susie Becker, Moore Stephens, Warwick Lane, London EC4P 4BN

MOORE STEPHENS

Head of Group Internal Audit

City – £ Excellent + bank benefits

- *Headquartered in London, this well established international bank has operations in Russia, the Far East and North America offering a customer focused service to a far reaching and expanding client base. The Bank prides itself on its expertise in the emerging markets of CIS and Eastern Europe where it has an impressive reputation in the areas of trade finance, project and asset based finance, as well as treasury and trading activities.*
- *This is a high profile role which reports into the Board. The appointee will be responsible for the continuing development of the Group Internal Audit function, initiating and implementing programmes across the Bank worldwide. As a proactive, consultative function, Internal Audit provides risk based reviews which add value to the business and aim to improve overall operational effectiveness.*
- *A qualified accountant, with relevant bank audit expertise, you offer people management experience and the ability to enhance the contribution internal audit makes to the management of risk within a rapidly developing market. Computer audit skills are assumed as are the necessary leadership qualities required to command respect both inside and outside the Bank. Above all you have the credibility that will enable you to have a real impact on the Bank's future development.*

Please write outlining your suitability for the position and enclosing your curriculum vitae, including current remuneration details, to Susan Milford/Richard Pooley at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH or email: smilford@cc.ernsty.co.uk quoting ref: RP0105. Alternatively contact Susan Milford on 0171 931 1025 (daytime) or 0973 112570 (evenings) for a confidential discussion.

ERNST & YOUNG
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Finance Director

Commercially competitive package DE MONTFORT UNIVERSITY *Leicester*

De Montfort is one of Britain's largest and most innovative Universities, serving some 28,000 students at centres in Leicester, Milton Keynes, Bedford and Lincoln. With revenues in excess of £100 million, a strong balance sheet and positive cash flow, the University has the resources and commitment to invest in the future. A proven finance professional with a strategic orientation is now sought to provide the financial underpinning to the University's activities, working as part of the executive management team in bringing ambitious development plans to fruition.

THE ROLE
- Responsible to the Chief Executive/Vice Chancellor for the financial strategy and viability of the University. Direct the budgeting process and provide financial input to strategic discussions.
- Participate in capital strategy development, advising on income maximisation, funding arrangements and other financing opportunities within the sector.
- Provide leadership and management to a fifty-strong team in financing and purchasing. Work closely with all University departments relating revenue and capital requirements to academic targets.

THE QUALIFICATIONS
- Graduate, qualified accountant with successful track record as a Finance Director in a multi-site, commercial/service-led environment.
- Experience of operating as part of a senior management team, supporting growth through sound and innovative financial strategies.
- Strategic thinker, alert to wider policy issues within the sector, able to interpret financial implications to the University's advantage. Interest and commitment to higher education essential.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F60970371,
16 Connaught Place,
London W2 2ED

FINANCIAL CONTROLLER
Kent

Following Brands Hatch Leisure PLC's successful flotation in 1996, a proactive manager is required to interface with all areas, providing top quality management information, to tight deadlines, highlighting key performance indicators, explaining variances and identifying trends, to ensure business objectives are achieved.

You will be a highly computer literate, FCA, ACA or ACMA accountant with a management accounting bias and 4-5 years' post qualification experience, preferably gained within a multi-site, service led organisation.

Please send your CV with details of current salary package in strictest confidence to:

Donna Newell, Personnel Team Leader,
Brands Hatch Leisure Group Limited,
Fawkham, Longfield, Kent DA3 8NG
Tel: 01474 872331 Fax: 01474 879259

BRANDS HATCH
LEISURE GROUP LIMITED

INTERNAL AUDITOR
INSURANCE/REINSURANCE GROUP

London Base c£40,000 + car + benefits

Our client is the European arm of a major and well established international insurance group with operations spanning Asia, the Pacific, Europe, and North America. The group wrote over $1.5 billion of business last year, of which reinsurance accounted for about a third. A vacancy has arisen in the Internal Audit function which covers operations in the Northern Hemisphere.

Reporting to the Manager of Internal Audit you will be responsible for refining the existing risk based audit approach, delivering high quality audits and reporting on findings. Working with colleagues in the group internal audit function you will keep the control environment under continual review and liaise with operational management on the implementation of effective solutions. Based in the City you should expect to spend about 30% of your time away from home.

Probably a Chartered Accountant having qualified with a well regarded firm, you will have at least two years exposure to insurance and/or reinsurance business either as an external auditor or internally in an accounting role. You must have a good level of IT literacy and it would be particularly helpful if you have knowledge of both UK and US accounting standards.

The personal qualities required for success include the presence and communication skills to be credible at a senior level and to operate without close supervision. This is a substantial group and high performers can realistically view this as a stepping stone to an international career within a major organisation.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Box A5358, Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

UK CHARTERED ACCOUNTANT

Line man position in Int'l MFG CO's. 10 years in Europe. Fluent German. Excellent IT systems implementation.

Experience profit improvement.

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Seeks interesting opportunity. Travel acceptable.

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DIRECTOR

FINANCIAL PLANNING & ANALYSIS – EUROPE

REDHILL, SURREY **£45,000 + FX CAR + BONUS + BENEFITS**

Universally admired as a technological leader, this $2.8bn company forms part of an $11 billion Fortune 100 corporation.

Its success to date has been founded on technological innovation combined with a management focussed on customer service, quality, improved margins, and asset utilisation. The company can continue to face the future with confidence.

This role has arisen as a direct consequence of the promotion of the present incumbent to a Divisional Finance Directors position.

Reporting to the CFO and based at the European Head Quarters, the successful candidate will assume responsibility for the Financial Planning processes in Europe. Supervising a small, highly professional team specific duties will include:

- five year European Divisional plans, both financial and growth
- annual budgeting at both country, division and European levels
- monthly and quarterly performance reviews of both country and European divisions
- management of the financial reporting process.

This is a high profile position and will involve liaison with senior level management.

Candidates will be graduate qualified accountants aged between 28-35 with at least two years commercial experience.

The ability to multi-task and prioritise effectively is prerequisite. Regular interaction with the business units will require excellent communications skills. Essential qualities will include enthusiasm, energy and a *can do* attitude to work.

To discuss this opportunity in greater detail contact Jon Vonk on 0171 379 3333, evenings and weekends 0171 720 1527. Alternatively submit a comprehensive curriculum to him at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE, fax 0171 915 8714.

Email: jon.vonk@robertwalters.com

ROBERT WALTERS ASSOCIATES

LONDON AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

RISK BASED AUDIT SPECIALIST

INVESTMENT BANKING

SALARY TO £45,000 pa

Our client is the London-based investment banking subsidiary of a major international bank, involved in securities (new issues, sales and trading), derivatives and structured products.

Further expansion in key business areas provides an opportunity for an intelligent and highly motivated individual to develop their career by joining a high profile audit function.

You should have a strong academic background and an excellent auditing track record within the financial services sector.

Familiarity with core capital markets products is essential.

Interested applicants should contact Nicholas Baxter on 0171 915 8787, or fax on 0171 915 8714 or write, enclosing a detailed curriculum vitae, stating current salary, to him at Robert Walters Associates, 10 Bedford Street, London WC2E 9HP. E-mail: nicholas.baxter@robertwalters.com

ROBERT WALTERS ASSOCIATES

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LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

C F A

CHRYSSAPHES FLAMMIGER ASSOCIATES

EXECUTIVE SEARCH & SELECTION CONSULTANTS

Fast-Growing Media Business – FTSE 100 Group

Finance Director

Early 30s – Ideal *c.£60-70,000 + Bonus + Car* *London*

Rapid business development in a fast-growing sector has created an excellent opportunity to fulfil a vital commercial role as Finance Director for one of the business units within this high profile division. The business is one of the leading brands in the sector, and career prospects within the division and the Group are outstanding. Predominantly UK based, the position has increasing international emphasis.

Reporting on a matrix basis to the Managing Director, and functionally to the Divisional FD, the key challenges are: to effect culture change, ensuring that Finance performs as a full business partner alongside Sales, Marketing and Operations; to improve the quality of management information and business/financial analysis, and to play a vital commercial role in supporting the business' ambitious global growth plans.

Successful candidates will be outstanding graduate accountants in their early 30's, who have already demonstrated real career progression, ideally within a fast-moving blue-chip environment with a strong financial culture. You will have a solid technical grounding, but more particularly will have at least five years' experience of addressing real commercial business issues. You will be ambitious, have worked successfully in a team environment, and have the ability to provide influence and gain credibility at all levels.

You should write or fax in confidence, enclosing your resume and current salary details and daytime/evening telephone contact numbers, quoting reference 703/A on both envelope and letter/fax, to the address below:

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP (Fax: 0181 528 9878).

TREASURY REPORTING MANAGER

City **c£40,000 + Car + Bonus**

■ Our client is a world renowned international financial services company . This is a newly-created function within a multi billion dollar group which has proven success in the development of employees' potential.

■ The challenge will focus on adding value by developing existing interest rate and FX risk management methodology. Responsibilities include front line reporting to group; supporting risk management; liaison with finance divisions; and international investment markets exposure including FX dealing.

■ Candidates will be energetic, numerate graduate accountants, ACT qualified, ideally MCT qualified, with experience in a financial services environment or dynamic corporate. In addition they will be creative, lateral thinkers, who are solutions-oriented and possess strong inter-personal and project management skills. Excellent career prospects in the UK and overseas.

Please write enclosing full curriculum vitae quoting ref: 196 to: Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP
Tel: 0171 839 4572
Fax: 0171 925 2336

NIGEL HOPKINS & ASSOCIATES

FINANCIAL & TREASURY SELECTION

Finance Manager

Southern Poland **Excellent Package + Reloc.**

With a turnover in excess of DM 4.1 billion, our client is a subsidiary of one the largest producers of packaging materials for the food and beverage industry. Polish operations began in 1994 with a manufacturing facility for the largest subsidiary, serving customers across Europe. Due to the continued expansion of the company's business in Eastern Europe, a need has arisen for a dynamic Finance Manager to take charge of the accounting and finance function based in Southern Poland.

Reporting to the European Finance Director and locally to the General Manager, you will be a full member of the local management team. Responsibilities will be the on-going design and implementation of Western accounting procedures to include budgeting, forecasting and cash flow analysis. Other duties will include supervising the preparation of local and international statutory accounts.

This is a hands on role and candidates should have already some management experience gained in an audit or Western company environment in Poland. Knowledge of US GAAP and Polish reporting principles are essential. In addition, applicants should be qualified or part qualified accountants with an internationally recognised qualification. Due to the location and nature of this role, knowledge of the Polish language is a pre-requisite.

The company is committed to the growth and development of all its employees and therefore offers excellent career progression opportunities for the successful candidate.

Interested candidates should forward a comprehensive CV with salary details in confidence, quoting reference 302098 to Catherine Zasadzka, at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH, England or by fax on +44 (0) 171 404 6370, telephone +44 (0) 171 269 2384.

MP

Michael Page Eastern Europe

International Recruitment Consultants

Daily Mail and General Trust plc

Deputy Group Treasurer

Central London **£ Negotiable + Benefits**

With an annual turnover in excess of £1 billion, Daily Mail & General Trust is one of the UK's largest and most successful media groups.
The publication and printing of newspapers such as the Daily Mail, Mail on Sunday and the Evening Standard provide the main thrust of the organisation but, in addition, the group has a strong presence in television, radio, magazines, software, video and book publishing.

Supporting the Group Treasurer, you will provide the essential link between the Finance and Treasury functions. A challenging and wide-ranging brief will include:

- Analysis of Treasury, Debt, Interest Rates, Eurobonds, Derivative Structures and Cashflows.
- Meeting and Liaising with Banks and other lenders.
- Supporting the Treasury Dealing Manager.
- Involvement in the financial aspects of acquisitions and disposals.

The successful candidate will be a self-motivated, professional ACA with a strong academic background. A minimum of 18 months relevant experience in Treasury is essential, as are first class communication skills, drive and ambition. An ACT qualification would be advantageous.

If you feel you have the necessary qualifications to undertake this exciting role, please forward a detailed curriculum vitae, including details of current remuneration to Justin Pearson at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH or fax on 0171 242 1020 quoting ref 336479.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham Reading St Albans & Worldwide

NORTEL
NORTHERN TELECOM
A World of Networks

Financial Planning and Analysis

[illegible]ead

to £40,000 + Car + Benefits

With business in 90 countries and a turnover in excess of $12.5 billion, Nortel continues to successfully push back the boundaries of communication on a global scale. Our European Public Carrier Networks group analyses data from expanding operations throughout the continent, and is looking for an energetic graduate. The information, entertainment and communication networks that we design, manufacture, integrate and support are transforming daily life.

This role encompasses responsibility for the reporting and analysis of actual, planned and projected revenues and expenditure, for these corporate units as well as direct involvement in two joint ventures in Europe. Close liaison with finance managers in North America and Europe, including UK, will be key in successfully achieving objectives, which include the preparation of the monthly actuals and budget pack for the President of this $2 billion Business group. The complex mix of Network types, diverse products and geographical regions, brings in to play a matrix organisation structure for maximum flexibility.

You will be a qualified ACMA or ACCA with systems skills in Oracle and Excel, and experience of working in an Analysis and Planning environment. You will motivate and develop a small staff, and possess a "Right first time" attitude, in this high visibility role.

To apply, please email, send or fax a typed CV, including salary details and quoting Ref: ENA00168, to our Resourcing Centre on 0181 945 3018 at Nortel Limited, Clyde House, Waldeck Road, Maidenhead, Berkshire SL6 2BB. Email: resourcing_centre@nt.com When sending your CV, quote the reference on both the outside of the envelope and on your CV. For an informal discussion, please contact our advising consultant, Mark Rowley at Herst Austin Rowley on 0171 629 1223.

There are many other opportunities within Nortel. Please quote Ref: ENA00268. To apply, please email, fax or send your CV to the above number or send it to us at the above address.

We are committed to equal opportunities.

Director of Finance & Administration

'Premier Law Firm in the North'

North East DICKINSON DEES SOLICITORS **£55-60,000 + Car + Bens**

Dickinson Dees has enjoyed sustained and considerable growth and is firmly established as one of the UK's premier law firms. The firm is progressive and expanding and has an absolute commitment to providing the highest quality of services to its clients. Dickinson Dees has exciting plans for further development and seeks to strengthen its management team.

THE POSITION

- Report to the Managing Partner and assume full responsibility for financial management and control.
- Drive the implementation of medium and long term strategy, creating financial models and appraisal methods for the evaluation of business opportunities.
- Provide financial advice to departmental managers and have a major input in the formulation of commercial strategy.
- Lead and develop the finance team to achieve the highest standards of quality value driven financial management.

QUALIFICATIONS

- Qualified Accountant, aged 35-45, with experience of broad commercial and financial management, probably gained within a business/professional services environment.
- Exceptional leadership, motivational and interpersonal skills with high levels of personal energy, ambition and drive, along with the presence and maturity to inspire confidence.
- Strong strategic and commercial awareness with the intellect and vision to create and innovate, balanced with a pragmatic, results focused style.
- Experience of developing and implementing IT strategies to generate business benefit would be desirable.

Interested candidates should write, enclosing full career and current salary details, to the advising consultant, Stephen Banks, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE. Quote ref 2166.

QI
QUESTOR INTERNATIONAL
A Michael Page Group PLC Company

International Financial Controller

£45,000 - 50,000 + Car — Surrey

Following its flotation in 1992 our client, a long-established US consumer goods manufacturer (T/O $800m), has been driving forward a programme of strategic restructuring and acquisitive growth. As part of this process it has recently acquired the UK market leader in its sector and it is now making this the headquarters of its International Division, which encompasses all its operations outside North America.

This is an important new role reporting to the UK based, International Finance Director and liaising closely with the unit financial managers to ensure effective international reporting and control. Key tasks will include the creation and management of a centralised reporting system, financial analysis and performance review, capital expenditure appraisal, expansion projects, systems development and ad hoc trouble-shooting exercises.

This is a challenging high profile position in a rapidly changing fmcg environment. It requires a top-flight individual with flexibility, drive and commitment. Candidates should be Chartered Accountants of graduate calibre with commercial flair and Board level credibility. We are seeking a strategic thinker, who has trained in a major firm and has at least three years PQE in an internationally focused, commercial environment. Previous experience in fmcg, knowledge of US GAAP and fluency in a second European language would all be beneficial.

Please reply in confidence, enclosing your CV and current salary details to Paul Carvosso at Howgate Sable and Partners, 35 Curzon Street, London W1Y 7AE, quoting ref: FT429P.

Visit our web site at http://www.topjobs.co.uk/howgate

Howgate Sable
& PARTNERS
EXECUTIVE SEARCH AND SELECTION

London • Manchester • Leeds • Newcastle

Financial Controller

Thames Valley **c £40,000**

The market for interactive games software is characterised by rapid development and dynamism. Our client is a leading player in this field and the corporate ethos of innovation and a passion for their products has enabled the business to achieve rapid growth, with excellent forecasts for the coming year.

The position of Financial Controller is key to the ongoing success of the business in Europe and will, for the right individual, challenge and utilise their full range of ability. Reporting to the European Financial Director, responsibilities will include:

- Active support of the European Financial Director in the provision of first class day-to-day financial reporting.
- Proactive management of the reporting process with an emphasis on timely monthly management accounts and forecast information. This includes UK and US reporting requirements.
- Development and support of finance staff.
- A variety of ad-hoc projects including systems enhancement and financial input to a variety of issues relating to the rapidly growing European market.
- Building and maintaining close working relationships across the business.

Suitable candidates will be qualified accountants with a minimum of two years post qualification experience that demonstrates hands-on responsibility, preferably in a sales and marketing driven environment within the software or retail industries. Above all, candidates must show enthusiasm and commitment and be able to offer both a practical approach to completing the task and the intellectual ability to contribute to the strategic decisions.

In return, our client offers the chance to make a real impact in an exciting and dynamic business.

Interested applicants should write, quoting reference 333780 and enclosing a full CV, salary details and daytime telephone number to Anne Wilkie ACA, Michael Page Finance, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham Reading St Albans & Worldwide

Hays Accountancy Personnel

An exceptional opportunity within a high quality service/retail business

Finance Director Designate

Newcastle-upon-Tyne

c£50,000 Package

The Company

Operating in a niche service/retailing marketplace from prestigious locations, this well-managed and profitable business is entering an exciting phase in its development. The company is recognised for its innovative product range and uncompromising standards of customer service. With a current turnover of £9m, the company has plans to increase this substantially through the opening of new sites. Recent venture capital investment has created a new role for a high calibre finance professional. This is an important appointment and will be critical to the success of the company's medium-term strategy of stock market floatation.

The Role

As a key member of a small, dedicated management team, you will be actively involved in shaping the future of the business, ensuring growth is controlled and progress is gauged against stated financial targets. Key responsibilities will include:

- Development of a leading edge finance function
- Day-to-day management of company finances and critical review of performance measures
- Financial analysis to support key business decisions
- Analysis of product profitability and appraisal of marketing initiatives
- Use your objectivity and integrity to constructively challenge existing business practices and instigate change where necessary
- Company secretarial and taxation matters

The Appointee

You will be a qualified accountant (preferably ACA), with a track record of success in a fast-moving and forward-thinking commercial environment. More importantly, you will be driven by your own personal high standards and have the energy and appetite to contribute at all levels within the company.

To apply please forward your CV to our Recruitment Advisor Michael Rowland at Hays Accountancy Personnel, Kelburn House, 7/19 Mosley Street, Newcastle-upon-Tyne NE1 1YE. Tel: 0191 232 4111. Fax: 0191 222 0785.

Head of Claims Operations

City **Competitive Salary + Benefits**

Our client, a high profile financial services organisation is looking for an experienced professional to head up its core activity of claims handling.

Reporting directly to the Chief Executive, you will be primarily responsible for overseeing the day-to-day running of the claims operations including planning, resourcing and budgeting to meet agreed targets. Providing strong and imaginative leadership to multi-disciplined teams, you will be expected to achieve high levels of efficiency whilst maintaining a commitment to quality. You will develop strong working relationships with other internal functions as well as external organisations. This is a key position requiring the ability to identify, assimilate and develop practical solutions to complex legal issues arising from the claims.

Applicants are likely to be numerate and professionally qualified with extensive claims management experience in the financial services sector. Strong communication skills, a confident and assertive manner and a 'hands-on' approach are imperative. Previous experience of leading and motivating a large team of staff handling often technically complex claims in the financial services sector is desirable.

Interested applicants should write to Sue Lintern at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 334495 and including current salary details or alternatively telephone her on 0171 269 2308 for an initial discussion.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

Management Accountants

Leading Edge Technology Provider

c. £35,000 + Car + Benefits **South East or South West**

Our client has enjoyed impressive growth in a highly competitive market and is implementing a further substantial investment programme. Within this entrepreneurial environment, the Finance function plays an integral part in maximising the efficient use of resources and a number of opportunities exist for Management Accountants to join the group in exciting roles which will be both varied and widespread.

Reporting to the Financial Director, your responsibilities will include:

- Closing down the Management Accounts each month and communicating management information to Senior Management including analysis of variances and trends.
- Analysing cost of sales, revenue, overhead & capital expenditure, stock control and calculating and controlling sales staff commissions.
- Assessing the viability of business projects and reporting the results accordingly.
- Leading a small team of people and deputising for the Financial Director when relevant.

Your experience must include producing and analysing accounts where you have shown your ability to communicate and react in a meaningful and effective manner. Successful candidates will be graduate, qualified accountants with a minimum 4 years' PQE, excellent technical skills combined with the commitment to adopt a 'rolled sleeves' approach while keeping abreast of the overall division.

These are superb opportunities to make an impact on a fast growing and already successful company, where the rewards are substantial.

To apply, please forward your CV to our advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please include a daytime telephone number and current salary details and quote reference number HNF175.

HARVEY NASH PLC

Finance Director

High Growth Telecommunications Sector

Package: c. £65,000 **Southern Home Counties**

An exciting and challenging opportunity has been created to make an early contribution to a rapidly changing environment. Our client, part of a large telecomms group, provides a telecommunications infrastructure to businesses and residences and is experiencing unprecedented growth. The company has shown a huge commitment to its customers by providing state-of-the-art products and services through the application of leading-edge technology. An experienced and commercially minded Finance Director is sought to join the management team to play a leading part in ensuring that the company meets its ambitious expansion plans.

Key areas of responsibility will include:

- Providing accurate and timely management accounts and supporting information to the Division and Group.
- Providing business plans and forecasts to support and assist business strategy.
- Maintaining strong financial controls over the geographic region.
- Assisting with financial and commercial input to increase the profitable development of the company.
- Providing close support to the Managing Director in developing all aspects of the business.

You will be a chartered accountant with 10 years' PQE and a successful record in a senior finance position, preferably gained within a customer focused high tech organisation. As a team player your communication skills will be put to the most challenging tests and your high level commercial acumen will ensure that you play an integral part in the future growth of this business.

The successful candidate will need to fully understand the issues facing a fast growing business in the coming years and be able to pre-empt situations and be pro-active in assisting others in their development in this exciting period of growth. As well as displaying analytical, judgement and communication skills, initiative and credibility with others will be prerequisites for this demanding role.

To apply, please forward your CV to our advising consultants at Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please include a daytime telephone number and current salary details and quote reference number HNF174. You may also apply via http://taps.com/Harvey_Nash

HARVEY NASH PLC

FINANCIAL CONTROLLER

Retail Service Sector

Kent

£40–£45,000, plus car and benefits

Our client, a profitable and expanding UK Company with a turnover in excess of £30 million, is a market leader in its industry and is now entering an exciting time of rapid growth and development. Reporting to the Finance Director and working closely with other Board members you will contribute to the commercial development of the business which has significant potential.

Specifically you will:

- Lead, motivate and develop an effective and interactive finance team
- Develop and maintain a strong financial control and reporting environment
- Play an integral part in driving the business forward
- Provide commercial and financial guidance to operational management on key business decisions

The role demands sound financial skills as well as the ability to build effective cross functional relationships. You must be able to drive through necessary developments with your strong influencing skills and personal credibility.

A qualified Accountant with previous experience of managing change within an expanding business, you will be an ambitious proactive individual with a resilient but emphatic personality with the presence and maturity to thrive in a growing organisation.

Interested candidates should write with full CV, quoting current rewards package to James Conchie or Angela Mascias, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995, quoting ref: HJC/10090/FT.

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION

INVESTOR IN PEOPLE

THE PSD GROUP

Fast expanding industrial group (£1 billion, growth 25% per year) is looking for its subsidiary in the UK (£100 million) for a

Controller

Near Birmingham — 400/450,000 FF + Car

Working closely with the UK Managing Director and reporting functionally to the Divisional Controller in France, you will carry out the industrial controlling aspects for the UK subsidiary.

- Co-ordinating the preparation of industrial accounting and reporting to France.
- Recruitment of the team of industrial controllers and implementation of methods to measure our operational performances.

Between 35 and 40 years and a French national, you will be degree qualified with a minimum of seven years experience gained in an audit firm, complemented by an operational position as controller in an industrial environment.

Interested applicants should forward a comprehensive CV quoting ref AL16103, to Adam Leon, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham Reading St Albans & Worldwide

Emerging Markets

Outstanding opportunity for a Financial Controller in Moscow

Deutsche Morgan Grenfell, the investment banking arm of Deutsche Bank, operates in over 30 countries with over 8,000 staff. One of those countries is Russia, where it has established a strong presence which consists of a representative office and four subsidiaries – Morgan Grenfell Depository, Morgan Grenfell Finance, Morgan Grenfell Securities and AOZT Kapitalneft. Due to rapid expansion of these businesses, they are now seeking to recruit a Financial Controller.

Carrying overall responsibility for the management of the controlling function, you will be responsible for the monthly conversion of Russian accounts to UK GAAP and IAS, conducting a review of the current development of systems, as well as providing recommendations on its future development. Furthermore, you will also manage projects which will help ensure that the controlling functions are capable of dealing with the growing demands of the Russian business, in addition to supervising a team of three staff members.

To be considered, you will be a fully qualified accountant, ideally aged between 25-35 years and preferably with a knowledge of Russian accounting and the Russian language.

This role requires a hands-on approach and therefore the successful individual will be highly self motivated and possess excellent interpersonal skills in order to successfully manage change and work to tight deadlines under pressure.

This is a unique opportunity for a dynamic individual to join a major Investment Bank which operates on the principle of meritocracy and can offer long term career prospects to the right candidate. The remuneration package will be highly competitive, commensurate with background and experience.

London March 1997

If you would like to be considered for this demanding role, please send a comprehensive CV in confidence, quoting reference **332072** to **Natasha Krasnoff**, consultant at **Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH** or fax it on **+44 (0) 171 404 6370** or alternatively telephone **+44 (0) 171 269 2382** for further information.

Deutsche Morgan Grenfell

BANKWATCH®

BANK CREDIT ANALYSTS

LONDON & CYPRUS

THOMSON BANKWATCH, the world's largest bank rating agency, is looking for experienced Bank Analysts to be based in London and Cyprus. Candidates must have extensive knowledge of banking and credit analysis, be first class communicators in both written and spoken English, and be computer literate.

The two positions will involve travel, regular contact with senior bank officers, preparation of high quality reports and the ability to meet tight deadlines.

London Office: The candidate will work with European banks. German language skills are desired.

Cyprus Office: The candidate will work with East European and Russian banks. Local language skills are desired.

Applicants should fax or post their curriculum vitae and an application letter including details of qualifications and work history, expected salary, and when you will be available, to the appropriate address below:

Lesley Singleton, Director of Operations
THOMSON BANKWATCH-BREE
PO Box 6951, Limassol 3311, Cyprus.
Tel: +357 5 748574 · Fax: +357 5 748974

Carol MacElree, Vice President
THOMSON BANKWATCH-EUROPE
Aldgate House, 33 Aldgate High Street,
London EC3N 1DL, United Kingdom.
Tel: +44 171 247 7830 · Fax: +44 171 247 8019

Nottingham Forest FC, the only British club to have won the European Cup twice in the history of the competition, are on the brink of the most exciting stage in their development as a leading business in the fast growing world of professional football.

The club is determined to ensure that success on the field is matched by the development of a highly motivated management team.

FINANCE DIRECTOR
NOTTINGHAM FOREST PLC

Nottingham Forest Plc is looking for a Finance Director to take responsibility for all aspects of the club's accounting and reporting function. They will be expected to put in place new systems and structures aimed at improving profitability and increasing efficiency. They will also be expected to play an active role in the management of the business in the broadest sense and an expansion of the role is highly likely in the medium term.

The successful candidate is likely to be a Chartered Accountant with a good track record in a commercial environment at board or similar level. They will see themselves as a financial professional but will also possess strong business and entrepreneurial skills and the desire to put them into practice in a fast moving enterprise. Experience in the sport and leisure industry is not essential but would be an advantage.

There will be a highly competitive remuneration package for the right candidate. If you have the experience and dynamism to succeed in this demanding role please write, with your CV, to:
Nigel Wray, c/o Burford Holdings plc,
20 Thayer Street, London W1M 6DD. Fax: 0171-224 1713

FOREST

MANAGEMENT ROLE WITH GLOBAL LEADER SUPPLYING THE AUTOMOTIVE INDUSTRY

EUROPEAN GROUP MANAGEMENT ACCOUNTANT

to £45,000 + full range of benefits — MIDLANDS

Our client is the world-leader in its field, manufacturing and supplying parts for the automotive industry. A division of a US multi-national, it also has significant European and African operations which are expanding in a highly competitive market. An outstanding opportunity now exists for a finance professional with strong cost accounting skills to make an immediate impact in the business and embark upon a challenging career with this global market-leader.

The Position

- Reporting to the Executive Management in Europe and the US, take responsibility for the managerial and cost accounting functions in all European/African operations.
- Create an independent managerial/cost accounting support function for Europe and establish effective cost accounting controls, procedures and guidelines across the region.
- Co-ordinate and implement a new integrated computer software system to support the accounts function.
- Introduce inventory valuation methods and procedures for internal and statutory reporting and establish a customer pricing support system to enhance management information.
- Act as a key member of the management team, providing support to the team in matters relating to cost accounting.

The Requirements

- Extensive managerial/cost-accounting experience is essential, gained preferably within a European multi-site manufacturing environment.
- A broad accounting background covering all aspects of finance, particularly relating to financial control as well as audit and tax would be beneficial.
- Experienced in using state-of-the-art cost accounting methods and systems.
- ACMA or ACA qualified with no less than 5 years' industrial experience and familiarity with US reporting requirements.
- A commercially aware, hands-on and progressive individual who wants to develop a career with a multi-national organisation.

Please send your CV with current salary details to: David Gibbs, K/F Selection, Concorde House, Trinity Park, Bickenhill Lane, Solihull, West Midlands B37 7ES, quoting Ref. 90294/A. Alternatively, send by fax on 0121-782 2524, or by e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

Opportunities with a world leader - Germany

Are you ready to join a company that regularly redefines the word progressive?

Hyperion Software is one of the fastest growing and most progressive global software companies. Founded in 1981, today operating in 25 countries with a world-wide revenue exceeding $172 million, we market and support the world's best selling, Windows-based enterprise financial management reporting systems. More than 3000 complex blue-chip organisations across the globe rely on our expertise for intelligent, fully integrated solutions.

Our German Operation, with its head office in Frankfurt and another base in Munich, represents one of the fastest growing markets in Europe. We now intend to support this growth by opening two further locations in Germany in the coming year and we are therefore looking for people with the drive and stamina to set the pace for a major expansion in Germany.

Senior Sales Management

Your ultimate goal will be to maintain and extend our business in Germany.

You will achieve this by managing, inspiring and developing our multifunctional team of professionals and by meeting the challenge of continuously evolving goals.

Results orientation, enthusiasm and initiative are key attributes for this position.

Educated to degree standard with the support of a finance and accountancy focused business qualification, you must be able to demonstrate a track record of success at senior management level with considerable previous active involvement in a financial management or software environment.

Sales Executives

The Sales Executives will maximise the amount of Software Sales Revenue derived from an allocated territory.

You excel at meeting and beating your targets and have the experience and tenacity to quickly establish yourself as a respected professional in the field.

The ideal candidate for this position will have a proven sales record within the software industry, including a minimum of five years direct selling experience at senior executive level. Knowledge of the financial/banking sector would be a big advantage.

Consultants – Statutory Applications

Providing high-level consultancy services in the field of statutory consolidation, you will apply your accountancy and technical expertise to analyse client needs. Working closely with the sales team, to advise on all aspects of this and related applications, you'll have the scope to utilise your extensive technical knowledge of the PC/Network environments and your commercially astute understanding of competitive products in the marketplace.

Educated to a degree level in accountancy/finance discipline, you will have the experience of preparing both statutory accounts and management reporting, and the credibility to inspire confidence at any level.

Business/Technical Consultants

You will be responsible for implementing the full range of Hyperion products by developing solutions to meet the specific needs of our clients. To deliver effective training courses and prototype solutions is also part of the job.

The ideal candidate for this position will have a degree with a formal financial qualification. Special knowledge in areas such as networks/operating systems, intranet solutions, databases, data warehousing and experience from project management is highly desirable.

Self motivation, strong interpersonal skills and an analytical approach to problem-solving are the personal attributes we will be looking for.

For all positions mother tongue German and excellent English are essential. Senior Sales Managers positions are based in Frankfurt. Other positions could be based at any of our German locations.

To apply, please send you CV, stating position of interest as well as details of where we can contact you, by mail, fax or e-mail to: Sandmark Executive Search, rue Charles Degroux 35, B1040 Brussels Fax + 32 2 733 18 21
E-mail: CompuServe 100705.326@compuserve.com

Hyperion software

Only the best need apply!

The London Borough of Lambeth is one of the largest local authorities in England, a £multi-million, multi-functional organisation which uniquely has a national profile. The changing management of Lambeth from the top down continues to push for innovation and excellence.

If you are frustrated by corporate inertia, have good ideas and want to make a real difference to people's lives, then read on...

Assistant Director Housing Finance

c £55,000 + Benefits

The Housing Department is a £250 million turnover business with an asset base in excess of £600 million and responsible for over 42,000 units.

You will be at the front end of change and have a free rein to start afresh in a new financial function.

The environment of deteriorating housing stock, decreasing capital spend and increasing legislation will not be easy, but highly challenging and rewarding.

As Assistant Director to the Executive Director of Housing, your role will be broad and demanding. Ideally you will have a sound appreciation of the housing markets and you must be able to demonstrate a successful track record to date. Whilst an appreciation of issues surrounding housing in local authorities would be desirable, it is not essential.

Assistant Director Business Support

c £55,000 + Benefits

Responsible for reporting on 30 new business units in Lambeth, your role will be to instill good practice and sound financial disciplines to new business unit managers.

This is a highly customer focused role at the centre of fundamental change within Lambeth. Working with the central finance function and Lambeth's internal Management Consultants, this exciting post will require diplomacy and a personality that gets the best from a variety of different people. You will already be in a similar position in a large customer focused organisation or in a consultancy seeking a fresh challenge. This is a key frontline role at the centre of change within Lambeth and only the best need apply...

LAMBETH SERVICES

Interested candidates should contact Stephen Hockey MBA or David Morgan at Michael Page Public Sector, Page House, 39-41 Parker Street, London WC2B 5LH, or telephone on 0171 831 2000, fax 0171 831 6293.
Closing date for applications 31st March 1997.
Lambeth aims for quality services and equal opportunities for all.

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Specialists in Financial Recruitment
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CHIEF FINANCE OFFICER

Based Poland

£ Highly Competitive Package

E D & F MAN GROUP plc

E D & F Man Group plc is an international group with two distinct businesses: the supply of agricultural products and the provision of financial services. The Group has over 200 years' history, employs some 3,900 people in 60 countries, and was floated on the London Stock Exchange in 1994. E D & F Man is one of the world's principal suppliers of cocoa to international branded food manufacturers, operating throughout the products supply chain from origin to customers.

They require a CFO for a recently acquired Polish business which is strategically important to the group, providing a cocoa processing base in mainland Europe to complement other plants in the UK and North and South America. They have significant expansion plans for this business. As a key member of the senior management team you will be responsible for the accounting and finance functions in this highly commercial role.

Essential requirements:

- Degree educated with professional accounting qualification
- *Experience gained at a senior level in a* multinational industrial or trading operation
- Proven track record of line management abilities
- Experience of working in developing markets
- Good communication and interpersonal skills
- Extensive experience of spreadsheet and PC based accounting systems
- Linguistic abilities and a willingness to learn Polish

This is a high profile position within the E D & F Man Group. It is expected that the successful candidate will be based in Poland for a 2 to 3 year period, subsequently there are outstanding opportunities for career progression within the Group in the UK and internationally.

If you are interested in this opportunity, please send your curriculum vitae to: Iain McAdam, Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE, United Kingdom. Tel: +44 171 420 8000. Fax: +44 171 379 4820. E-mail jacque@llambias.co.uk All applications will be treated confidentially. Any CV's sent directly to E D & F Man will be forwarded to our retained consultants at the address above.

DLA **DOUGLAS LLAMBIAS ASSOCIATES** RECRUITMENT CONSULTANTS DLA

Coopers & Lybrand | Executive Resourcing

Financial Director Designate

WEST LONDON **£60,000 PACKAGE**

This leading fashion company designs, imports and wholesales three leading menswear brands with two new brands being introduced later in the year. Established over 12 years ago, recent growth has been phenomenal with turnover increasing from £15m to £40m in the last three years alone. They are a privately owned company and currently employ over 80 staff.

A highly capable finance professional is now required to take an active role in managing the company's growth and future development. In this new position, reporting to the Managing Director, you will manage a finance function of 10. Responsibilities include financial and statutory reporting, budgetary planning and control, and treasury management. You will also be responsible for company secretarial duties together with taxation and contractual negotiations whilst providing strategic financial advice to the board.

You will be a qualified accountant who can demonstrate strong leadership skills and be able to manage growth in a young company. A proactive approach to problem solving combined with strong interpersonal and communication skills are essential. Ideally you will have experience of the fashion industry, but you will undoubtedly have excellent commercial skills. Your drive, initiative and ability will enable you to be promoted to Finance Director in the short term.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Neil Holmes, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference NH1244 on both envelope and letter.

APPOINTMENTS

to advertise in this section please contact Toby Finden-Crofts on +44 0171 873 3456

APPOINTMENTS WANTED

POSITION WANTED

Extensive background(15 + yrs) in real estate finance, appraisals, underwriting and analysis. Excellent communication, managerial and organizational skills. Native English speaker also speaks Hungarian, Spanish, French and Hebrew. NYC-based but willing to travel and/or relocate for right opportunity. Excellent references. Please fax replies to Mr. Sidransky.
(212) 319-0704 (USA)

GERMAN QUALIFIED

ACCOUNTANT

International Experience

Fluent in English, good French

seeks short/long term contract

Europe or elsewhere

Tel: +44 (0) 171 973 0688

Mobile: +44 (0) 370637410

FINANCIAL DIRECTOR/ CONTROLLER

The purpose of this advertisement is to get you to contact me but at the moment I have no idea what your name is. I do know the sort of person you are and the aspirations you have in life.

I also know the level of skills you have got and that you want to get better at your work. I know you want more than just a job. I know you want a career and I know you want a future.

I know you would like an opportunity to use your training and wide range of skills and experience.

I know when you call me you will communicate with me effectively. When we are talking we will be able to discuss important things like your salary and career opportunities.

I know you may have had a lot of experience or just completed technical training but above all I know you7u have a driving ambition to be the best.

By the way, this is a permanent position with a talented team of people.

Please contact me. Ian Rosenthal
Chairman of Weatherglaze Plc Tel: 0181 805 2888

Finance Director
Engineering Group

Central London **£55-60k + Bonus & car**

We are partnering a diversified, expanding plc (turnover £60m) in this key appointment which will strengthen its financial and operational management. The company manufactures technology-based capital equipment primarily for automotive and electronics markets internationally. The challenge is to drive the business forward by proactive, energetic involvement at the sharp end.

Accountability is to the CEO for planning and controlling, the achievement of Group financial objectives, including UK and overseas banking facilities - there are subsidiary companies in the UK, USA, France, Germany and the Far East. An unusual feature of the role is active participation in operational general management.

A qualified accountant is required with experience as Finance Controller or Director in a multi-national manufacturing and engineering company. Shirtsleeves general management exposure will clearly add value to your application, as will fluency in French and German. You will need to be resident – or be prepared rapidly to reside – in or very close to Central London.

You will immediately be appointed to subsidiary Boards, with your Main Board position assured after six months, subject to performance. Significant travel and autonomy will be an additional feature of the role, which carries the normal executive benefits with the bonus indicator up to 50% of salary.

Interested? Send your CV, in confidence with a convincing covering letter, to the Group's advising consultant, Barry Drinkwater, Human Resource Partnership, Atlantic House, 351 Oxford Street, London W1R 1FA. Tel: 0171 409 0699 Fax: 0171 491 7686. Closing date: Monday 17 March 1997.

HRP
SEARCH & SELECTION

VENTURE CAPITAL
Entrepreneurial Young Accountant

Cuba **Excellent Package**

Our client, one of the pioneers of investment in emerging markets, manages substantial funds in a range of developing countries worldwide. Cuba's recovering economy offers unique investment opportunities and, with an office in Havana, the company was the trail-blazer in the region, where it now manages a successful investment fund.

This success has created a need for an additional highly commercial young accountant to join its Cuban team. Working closely with the Chief Investment Officer, the role focuses on research and evaluation of investment opportunities, preparing financial analyses and recommendations for presentation to the Investment Committee. As part of a small team, there will also be close participation in the structuring, negotiating and closing of deals and subsequent monitoring of the finances and performance of investee companies. Other areas of involvement will include internal financial control, producing accounts, compliance with relevant regulatory authorities and training of staff.

The ideal candidate will be a young, entrepreneurial ACA/ACCA with up to approximately 3 years' pqe. Previous experience in emerging markets is not necessary; however, applicants should have the energy, resourcefulness and initiative to help move deals forward and the patience and communication skills to overcome the delays and problems intrinsic to developing economies. Candidates must have a strong finance background and good PC-based computer skills together with the ability to evaluate unlisted companies and prepare financial forecasts and business plans. Language skills are not vital but some knowledge of, or a willingness to learn Spanish is essential.

This is an outstanding opportunity to become involved in one of the world's most exciting growth areas and to develop a career in emerging markets investment. The generous remuneration package includes housing allowance and related benefits.

Interested applicants should post or fax their CV giving details of current salary and quoting ref: 206 to the address below. For more information telephone (+44) 171 242 9191 (weekdays) or (+44) 1763 853025 (evenings and weekends).

ALDERWICK CONSULTING
SEARCH & SELECTION
95 FETTER LANE, LONDON EC4A 1EP. TELEPHONE: (+44) 171-242 9191 FAX: (+44) 171-242 5560

Group Internal Audit Manager
c£60,000+Car+Bens
ACA with banking experience required to manage & develop the London Group Audit team of this Merchant Bank. Internal Business & Computer Audit experience & SFA reporting required together with spoken French.

Deputy Compliance Officer **c£60,000+ Bens**
A unique opening has arisen within this highly diversified bonus driven City Investment Bank. You will need superb academics combined with proven derivatives/equity/debt experience together with good analytical skills. Excellent opportunities for career enhancement.

Internal Auditors **c£55,000 + Bens**
Global Investment Bank requires recently qualified ACA's to work within a high profile Audit Team. You must possess excellent communication & report-writing skills, with exposure to financial products including Capital Markets, Bonds, Derivatives, & Fixed Income.

Actuary **c£50,000 + Bens**
Required by dynamic Financial Software organisation. You will have 2+ years Actuarial post qualification experience in Pensions or Benefits with proven technical ability. Excellent career path.

Compliance Officer **c£40,000 + Bens**
Global Investment Bankers seek bright, articulate individual with solid SFA & financial regulations experience to work in a high profile Compliance Team. You must have a minimum of 2 years experience within the securities sector.

Student Actuary **c£35,000 + Bens**
Large well funded organisation seek a part qualified actuary to assist with increasing work load. Autonomous position with excellent prospects. Pensions knowledge essential.

CAREER GROUP
EXECUTIVE BANKING TEAM
26 Market Place • London W1N 7AL
Tel: 0171 470 7040 • Fax: 0171 436 4575 • Email: info@career-group.co.uk

IT Appointments

Treasury Professionals

Global Information Solutions Limited (GIS) is a leading supplier and developer of treasury management software. Our product, the Quantum Treasury Management System is used by some of the worlds leading corporates and financial institutions.

GIS are part of an international group which offers treasury solutions to institutions throughout Europe, the Asia Pacific, South Africa and North America. GIS has a well established marketing, system support and consulting base in London, servicing European customers. Development staff are located in London, Sydney and Christchurch New Zealand.

Due to increasing demand for Quantum internationally, we are seeking highly motivated professionals who possess the necessary skills and business experience that will enable them to contribute to the on-going success of GIS and the Quantum product. Opportunities exist in all regions.

Suitable candidates will currently be working with a leading financial software supplier, in a treasury environment within a leading blue chip multi-national, or financial institution, and will have a familiarity with treasury products and market practices. You may be ACT/MCT/ACA qualified and will combine the intellectual/commercial skills necessary for the provision of a quality treasury solution.

Sales and Marketing Manager

Our success is built on a highly motivated and personal approach combining integrity, commitment and the ability to display a fundamental understanding of client business requirements and project approach. Based in London, this is an opportunity to join a small marketing team working with a premier product being targeted to Europe's top 500 companies and financial institutions.

You must have the confidence, commercial awareness and inter-personal skills to establish productive relationships at executive and board level. A confident and professional manner combined with a sound understanding of the treasury environment are prerequisites for this role. Presentation skills are important as you will demonstrate Quantum with sales support in London and on client premises. Reporting to the Sales & Marketing Director, you will be expected to work through the sales cycle from initiating opportunities, through to contract negotiations and completion.

Although not essential, prior sales experience in the IT sector may be an advantage. Alternatively, this may be an opportunity for you to apply your expertise in banking, finance or corporate treasury to a marketing and sales environment.

You will be a self motivated individual capable of achieving aggressive goals for high rewards.

Project Managers / Senior Consultants

We require experienced, high calibre individuals to manage the implementation of a leading edge treasury software solution. Of particular importance is the ability to demonstrate your understanding of the clients business, to communicate effectively your understanding of client needs and identify and deliver business benefits through the use of Quantum and its technology platform.

Based in London, you will travel frequently throughout Europe and other regions. Suitable candidates may have both treasury and systems knowledge, however a specific systems background is less relevant than a fundamental understanding of front and back office treasury operations and the ability to project manage medium to large sized system implementations.

A strong knowledge of the Microsoft Windows environment, relational databases and various applications, including Windows NT, Oracle, Sybase, MS SQL Server and SQL report writers, would be an advantage.

You must have the confidence, integrity, commercial awareness and inter-personal skills to establish productive relationships at all levels in the clients business and a practical 'hands on approach' to problem solving.

Remuneration will be highly competitive and commensurate with skills and experience.

System Design - Functional

This is a key role within our development group, and is orientated toward system design from a functional rather than technical perspective. The design group is a small team of treasury specialists whose principal responsibility is the design of new functionality to ensure that our products remain at the forefront of market requirements and innovations.

Candidates should come from within the industry or from a corporate treasury environment within a leading blue chip multi-national, or financial institution, and will be familiar with treasury products, and market practices, as well as possessing an in depth knowledge of treasury systems and methodologies. Although not a pre-requisite, technical skills may be an advantage.

Successful applicants may be based in either London, or Christchurch New Zealand, and will enjoy highly competitive remuneration packages commensurate with skills and experience.

Write with details to Global Information Solutions Limited, 82 Brook Street, Mayfair, London, W1Y 1YG, Telephone 0171 629 4595, Fax 0171 629 4046.

Senior Project Manager

Financial Markets Technology

London based — **Salomon Brothers** — **Package To Attract The Best**

Salomon Brothers is one of the world's leading global integrated securities houses providing financial services to governments, large and mid-sized corporations and financial institutions. The development of European markets features prominently in Salomon's business plans and continuing investment in technology is crucial to success.

THE POSITION

- Key new appointment within a rapidly evolving European business technology function.
- Wide ranging brief providing responsibility for specifying, planning and project managing technology solutions.
- Working closely with business managers/key users to ensure a consistent approach to systems development and enhancement.

QUALIFICATIONS

- Aged late 20's/mid 30's, graduate, with energy and ambition and a strong personality.
- At least two years proven project management experience, following an early career in systems development and/or business analysis.
- Currently working for a major financial institution, management consultancy or software house delivering business critical IT projects.

Interested candidates should write, enclosing full career details, to the advising consultant, Jerry Wright, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE. Tel: 0171 292 8300. Fax: 0171 287 5457. E-Mail: Jerry@questorint.com

QUESTOR INTERNATIONAL

A Michael Page Group PLC Company

AXXORD

INFORMATION TECHNOLOGY DIRECTOR BANKING SECTOR

BUDAPEST — **HUNGARIAN SPEAKING**

Our client is one of the leading banks in Hungary which was acquired by a multinational corporation in 1995, with European Headquarters in London. Employing over several thousand people with 70 branches, it is a major player in the local market and one of the most innovative and progressive banks now undergoing major restructuring and investment. This period of change offers a unique challenge and career move to an IT leader with a desire to be an influential part of a dynamic management team and make a major contribution, in what is a pivotal role in the bank.

The position

- Develop and implement an integrated systems strategy and infrastructure enabling the development of state of the art, effective solutions to anticipate and meet the needs of the business, into the next century.
- Successfully manage major culture change throughout the department.
- Create an open, innovative environment with the emphasis on accountability and delivery.
- Manage the integration of several major projects.

The person

- 10 years + experience and graduate calibre.
- Proven track record in managing and delivering integrated IT systems to achieve business benefit.
- Exceptional interpersonal, communication and negotiation skills, including the credibility to influence users at all levels in the bank.
- Banking or finance experience is preferred.
- The ability to communicate in Hungarian is essential.

An attractive expatriate package is offered.

Please send full CV, stating salary, ref AGKB 2/97, to the address/fax below:

AKKORD Tel: (36-1) 266-6950
1053 Budapest, Veres Pálné utca 26. Hungary Fax: (36-1) 266-8860

The selection division of Accord Group Kennedy Balogh

COMPUTER AUDITOR

City — **Package c £40k**

THE COMPANY

Our client is the Asset Management Division of one of the biggest names in financial services. It is currently undergoing a period of significant change and reorganisation across all activities, which include institutional fund management, mutual funds, private client fund management, and stockbroking. The future strategy entails significant re-engineering of current systems to take the business into the millenium, enabling the organisation to establish itself as a world class operation.

THE ROLE

A dedicated internal audit function has recently been established, which has a highly visible profile within the business. In addition to performing integrated operational and IT reviews, the role also includes investigations and special assignments, and will include the review of IT systems under development. The internal audit function operates under a flat management structure, and reporting lines are defined on an assignment basis. The appointment offers a high degree of autonomy and input across both IT and operational audit issues.

THE CANDIDATE

You will be a qualified accountant or holding a similar relevant qualification with up to 2 years post qualified experience. An enquiring mind and organised approach is crucial, in addition to the ability to communicate ideas confidently and tactfully. Those candidates with UNIX and Windows NT experience will be at an advantage, as will those with previous asset management experience. A limited amount of travel (within the UK) will be required.

Interested candidates should send their CV to **Alex O'Callaghan**, Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. E-mail: info@llambias.co.uk

DLA — DOUGLAS LLAMBIAS ASSOCIATES — RECRUITMENT CONSULTANTS — DLA

Net.Works

The FT IT Recruitment section is also available all week on www.FT.com

FT Recruitment

International derivatives trading

SYSTEMS SPECIALISTS

Financial markets experience not essential

When it comes to internationally traded derivatives, very few firms can match our influential role in the markets. Responsible for daily transactions worth billions of dollars, we have a commitment to IT systems which build competitive advantage for ourselves and our customers. We are now looking for two exceptional technologists to help us deliver on this commitment by adding technical and leadership skills to an already highly talented team. We don't expect previous experience of a derivatives environment. And we aren't hung up on a financial markets background. What we are seeking are technical excellence and authority and a willingness to learn about our businesses and how existing and emerging technologies can drive them forward. Both positions are based in the City.

Database Project Leader — c.£40-55,000 + benefits

The Role is...

- To take strategic responsibility for managing the development and production of the entire data function.
- To provide hands-on technical expertise and personal leadership to our database team.
- To manage the development and production of our Intranet site.

You will...

- Have proven hands-on technical competence of a major RDBMS such as Sybase or Oracle (some C/Unix programming skills will be advantageous).
- Possess the management ability to assign projects, set objectives and monitor performance.
- Manage ongoing development, expanding the functional range of systems - ie. the implementation of new database products.
- Have experience of leading small teams working on the structured design and development of client server environments.

Ref: GCFT120

Sybase DBA — c.£50,000 + benefits

The Role is...

- To provide DBA services for our 5 Sybase servers.
- To ensure that development/production database systems are performing to requirements.
- To provide in-depth technical expertise to our systems development team.

You will...

- Have a minimum of 2 years' Sybase DBA experience plus exposure to logical and physical design of new database systems.
- Offer experience of Sybase 10, 11, Replication Server and SQL.
- Take responsibility for daily monitoring, application and performance tuning.
- Provide disaster recovery project planning and implementation.

Ref: GCFT121

With both roles you will gain exposure to a progressive technical environment including: NT, Powerbuilder, C, C++, X-Windows, Motif, Business Objects and Java. Projects are already planned around the further use of the Internet. Experience of all these skills is not a pre-requisite as cross- or full-training will be given. To apply for these positions, please contact Georgina Collenette, quoting the relevant reference number, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: gcollenette@mcgregor-boyall.co.uk

McGregor Boyall

Business & Technology Selection for Financial Markets

IT Appointments

SOLUTIONS

Packages from £40,000 - £65,000

Founded in 1981, mpct Solutions leads the way in banking systems by providing its wholesale banking back office support system Atlas to the world's major banks. This system has been installed by 42 financial institutions in over 180 locations. mpct Solutions also supports international divisions, regional offices and overseas branches, as well as Central Banks, payment processors and clearing houses. Among them are the head office treasury operations of some of the world's most outstanding banks.

mpct Solutions' Atlas Express approach offers a unique method of analysing a bank's business, measuring what matters, quantifying and then delivering positive impact. The Implementation Methodology used is a proven process for implementing change in a re-useable and reliable manner, providing timely results with minimised risk. From the understanding of a client's mission and business strategy, it ensures that workflows, information sources and systems are optimised to achieve a bank's business goals.

mpct Solutions' OpenLink system is a powerful environment for trading in derivatives, fixed income, securities, commodities and equities. It provides a full complement of facilities for trading, risk management, sales, operations and accounting functions. OpenLink is designed to complement Atlas by accommodating the broadest range of instruments and trading conventions, providing a framework in which the simplest or most complex transactions can be created, monitored and executed.

Opportunities now exist to work on exciting new projects based in the UK, East Asia, continental and Eastern Europe

Back Office Professionals

mpct Analysts advise and guide our clients' teams in the identification and definition of requirements to augment and enhance the transaction processing capabilities and financial product process flows vital to their success in this increasingly global marketplace.

Your experience to date will have been gained in a banking systems' integrator or financial institution, with specific experience in corporate treasury, lending and payments. The ability to liaise at all levels of the business must be matched by your skill in defining client business needs and in particular, participating in scoping and impact studies on client sites.

You will be involved in detailed reviews and development of product process flows together with assessing our solutions against client operations. Critical to these activities is the ability to plan, direct and supervise product consultancy and technical developments carried out by mpct project teams and client personnel. A broad understanding of the relationships of people and functions across a complex banking infrastructure is vital, as is the ability to communicate, advise and provide solutions to complex challenges that will effect an improvement to the operating efficiency of our customers.
Ref: PC/03/163/723/PAB/FT

Project Managers

The role of an mpct Project Manager carries with it the responsibility for ensuring the successful implementation of mpct Solutions. You will be a key component in leading, organising and delivering the human and technical resources essential to meet client project and business objectives.

You must demonstrate a complete understanding of transaction driven processing requirements operating within either the international wholesale, treasury or capital markets banking sectors. In-depth experience of corporate treasury, lending and payments related services and products is of particular interest, as is well developed client facing skills which will enable you to assist in the introduction of future scoping studies arising from project deliverables. Your previous project experience will embrace all aspects of the project life cycle with emphasis on quality management and delivery.

Our Project Managers enjoy a sound working relationship with clients, which is reflected in the attainment of measurable benefits to all facets of our customers operations. You will add value to and enhance our capabilities in this area, with career progression and rewards linked to your own ability and expertise. Essential skills will include: client liaison, manpower planning, validation of functional and technical requirements, project planning and team building. Training will be provided across the full range of mpct technologies.
Ref: PM/03/163/724/PAB/FT

For further information regarding mpct Solutions, please view our website at http: // www.citielite.co.uk/mpct
For a detailed discussion regarding these positions please contact our advising consultants quoting the appropriate reference number. Parallel International, 1 Groveland Court, Bow Lane, London EC4M 9EH. Tel: +44 171 236 4288 or +44 171 248 0393. Fax: +44 171 236 4277. E-mail: info@citielite.co.uk Internet: http: // www.citielite.co.uk

parallel INTERNATIONAL
A MEMBER OF THE LNI GROUP

Senior IT Manager

International Bank

£60 to 70,000 + Car Allowance + Benefits

Our client is a city based branch of a leading commercial bank which provides a comprehensive range of financial services around the globe. The branch is currently experiencing a period of significant business growth as well as major automation initiatives.

The position includes complete responsibility for all IT operations and development. This will involve managing a team of 20 plus staff in the design and implementation of IT solutions for a range of new business opportunities.

In addition you will be expected to take an active role on the IT steering committee.

Applicants will need to be IT banking professionals who focus on quality of service and possess good project management skills. It is also important to have banking business experience, a comprehensive knowledge of treasury systems, wide area networks and PC based solutions.

You should be a personable and diplomatic individual with first class management and communication skills. It is essential to have sufficient authority to lead meetings at the highest level, combined with the clarity and decisiveness to effectively manage a dynamic team.

This role will offer an excellent opportunity for rapid career development.

Applicants should telephone or simply send their CV to:
Matthew Clark or Justine Brown,
Parkwell Management Consultants Ltd., 8 Wilfred Street, London SW1E 6PL.
Tel: 0171 630 8000. Fax: 0171 233 5205.
Email: 100752.3606@Compuserve.com

PARKWELL

PROJECT MANAGERS

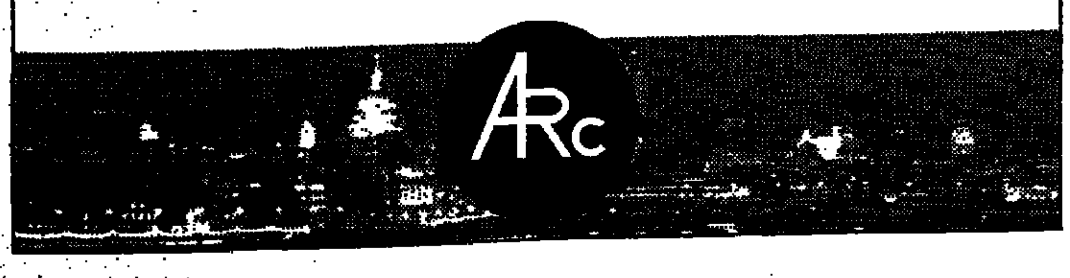
£50k - £100k + BENS

We have been retained by a number of prestigious financial institutions to find top calibre Project Managers, capable of running high-profile projects with a minimum of supervision.

Candidates with a strong combination of project management, business and technical skills in the following areas are of particular interest:

- Fixed Income
- Equities
- Risk Management
- Derivatives
- Settlements
- Client Server design
- C/C++
- SYBASE
- System Integration
- Infrastructure

Please call Paul Wilkins or Sara Fean to discuss these vacancies in more detail on 0171 287 2525 or fax your CV to them on 0171 287 9688.
Alternatively, please write to them at:
ARC International, Recruitment & Consultancy Services,
15-16 New Burlington Street, London W1X 1FF.
E-mail: arc@itjobs.co.uk Internet: http://www.itjobs.co.uk



KPMG is one of the world's leading consultants to the financial sector. Our international blue chip client base extends from retail and commercial banks, through trading and capital market institutions, to investment management firms.

Dramatic and continuing change in our clients' market-place has meant an ever-growing demand for our consultancy services. We now need additional, high-calibre, experienced Information Technology Consultants to help us grow our business further.

We are interested in candidates who have a minimum of five years' experience with major financial sector institutions, working with IT systems supporting one or more of:

- trading
- market or credit risk
- financial control
- middle and back-office operations

Consulting opportunities in financial sector IT

UK based £35K-£85K

Within these functional areas, your experience might be in any of the following:

- programme/project management
- IT strategy
- data warehousing
- software package implementation
- business performance improvement

We offer excellent opportunities to broaden and develop your career through working in multi-disciplinary teams. Our consultants are UK-based, but opportunities for international travel arise frequently through our work for global clients.

Please apply in writing quoting reference FTK2 with full career and salary details to: David Jones or Carole Weedon, The DP Group, 6th Floor, 73 Upper Richmond Road, Putney, London SW15 2SZ.
Telephone: 0181 877 1121. Fax: 0181 877 1104.

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FT IT
Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:
Emma Lloyd on +44 171 873 3779
Courtney Anderson on +44 171 873 4095
Toby Finden-Crofts on +44 171 873 3456

MARTINGALE
Information technology skills for the financial services sector

Project Management – Year 2000 Consultancy

Broad experience in a range of mainframe environments preferable. Candidates with specialist experience and appropriate technical and project management together with implementation, conversion and integration experience sought. Applicants must demonstrate the interpersonal skills, flexibility and mobility appropriate to the needs of a Consultant's role in a company with a nationwide client base.

Risk Business/Systems Analyst – Investment Bank

For Global Market Risk Management IT, to assist in the development of strategic Market Risk Management systems. Primary focus on the Basle Accord on Market Risk. A strong knowledge of financial products is essential.

Project Manager – Asset Managers

Experience of inception through to implementation of a major IT client-server project of significant size. Five plus years IT experience with a broad business knowledge base, particularly in middle and back office transaction processing.

Project Manager – Financial Markets Consultancy

Strong background in Financial Markets i.e. Investment Banking, Capital Markets, Investment Management, Securities, with functional experience in BPR, IT Strategy/Planning and large-scale implementation.

Financial Systems Principal

Experienced Systems Accountant with recent exposure to new and emerging technologies. Extensive experience of implementing financial systems together with all stages of systems delivery. Good understanding of current major package software solutions. Good degree plus professional accounting qualification.

For further information contact Martingale Associates, 64 Cliffords Inn, London EC4A 1BX. Tel: 0171-242 0064. Fax: 0171-404 1862. Email: jdmoore@martingale.win.uk.net